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### **Approaches to council housing management: a study of 'best value' implementation in two London boroughs .**

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**APPROACHES TO COUNCIL HOUSING  
MANAGEMENT: A STUDY OF 'BEST  
VALUE' IMPLEMENTATION IN TWO  
LONDON BOROUGHs**

**Robert John Hunt**

**A thesis submitted in partial fulfilment of the  
requirements of the University of Westminster  
for the degree of Doctor of Philosophy**

**March 2005**

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## **Abstract**

This thesis comprises research into the implementation of Best Value in council housing. Best value is a nationally determined framework specifying the process which local authorities must use to review and improve the full range of their activities with regard to performance, quality, accountability and cost.

The aim of the research is to evaluate the extent to which local variables impact upon policy outcomes: the implementation of policy. The central research question is: 'In what ways were local relationships redefined following the introduction of Best Value?'. The basis for the study is a view that local determination of policy by an influential group is enhanced through Best Value implementation, in contradiction with its intention.

The theoretical footing of this work is derived from a notion that managers 'bureau shape' when conditions allow, rather than 'empire build' as competing theories maintain (Dunleavy 1991). It is hypothesised that Best Value was in part devised to check 'empire building' tendencies and this is a flawed assumption that could lead to unintended policy outcomes.

This notion is tested through field research examining the views of councillors, managers, front line workers and residents from two London boroughs, Westminster and Newham.

The conclusions drawn relay a set of determinants, each related: the nature of the policy in question; local actors' 'alignment' to that policy and the influence they have; and the extent and nature of change required to meet perceived policy directives. The essence of local policy determination relates to political context and the mediation of relationships between actors.

The final point made is that future research could fruitfully examine process as the measure of policy successes and failures, rather than policy outputs.

## **Acknowledgements**

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**Approaches to Council Housing Management: A Study of ‘Best Value’  
Implementation in Two London Boroughs**

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**Abbreviations**

BVPI	Best Value Performance Indicator
BVPP	Best Value Performance Plan
BVPR	Best Value Performance Review
CCT	Compulsory Competitive Tendering
CPA	Comprehensive Performance Assessment
CSO	Customer Service Officer
DETR	Department of the Environment, Transport and the Regions
DoE	Department of the Environment
IT	Information Technology
LSC	Local Service Centre
ODPM	Office of the Deputy Prime Minister
PFI	Private Finance Initiative
PR	Public Relations
RA	Residents’ Association
TA	Tenants’ Association
TP	Tenant Participation
LBN	London Borough of Newham
WCC	Westminster City Council
TRA	Tenants’ and Residents’ Association
WMS	Westminster Management Services

**Field Research Respondent Prefixes**

NC	Newham Councillor
NM	Newham Senior Manager
NR	Newham Resident Representative
NW	Newham Front Line Worker
WC	Westminster Councillor
WM	Westminster Senior Manager
WR	Westminster Resident Representative
WW	Westminster Front Line Worker



# **PART ONE**

## **RESEARCH BACKGROUND AND RATIONALE**

### **INTRODUCTION**

In the summer of 1997 the Labour Party returned to power after seventeen years of Conservative government. For local government in England and Wales this meant a reappraisal of their capacity and role which had changed significantly under the Conservative administration. The central theme adopted by the new Labour government was ‘modernisation’, and councils saw the new proposals as presenting both opportunities and threats.

The key element in the modernisation agenda was Best Value. This is a compulsory framework within which local authorities must review all of their services in terms of performance, quality, accountability and cost. This thesis examines what happened in two local authorities’ housing departments in the first year after Best Value was introduced. It explores how different actors positioned themselves in order to implement the changes required by Best Value in council housing management. Specifically, the research examines the extent to which the relationships between key actors affected senior management’s capacity to influence and shapes these decisions.

The overall aim of this thesis is to examine the way in which relationships among local actors change and impact upon the implementation of Best Value. This aim is addressed in general terms through an examination and analysis of Best Value and its proposed outcomes. The research specifically addresses the influence of those involved in Best Value processes in local authority housing departments through field studies based in two London boroughs. The research approach adopted reveals the routine of policy enactment and the ways in which local actors are able to influence policy.

This part of the thesis provides the general setting for Best Value, together with an explanation of the research focus. Chapter one provides detail of the policy environment prior to 1997, followed by a discussion of Best Value. This leads to the presentation of certain factors considered important in the implementation of housing policy: context, interpretation of policy, and influence. These factors are phrased as research questions in chapter two, followed by an explanation of the methodology adopted, and the presentation of key theoretical ideas that could serve to answer the research questions. The thesis plan is detailed in chapter three.

# **CHAPTER ONE**

## **Best Value and Local Authority Housing Management**

### **1.1 Compulsory Competitive Tendering: the forerunner to Best Value**

Compulsory Competitive Tendering was introduced by the 1979-97 Conservative Government in the 1980 Local Government Planning and Land Act, and required that specified activities should be put out to tender. If the local authority department was able to 'win' the contracts through this process, the activity remained with the local authority. The scope of Compulsory Competitive Tendering was extended under the Local Government Act 1988 to include more blue collar functions, and the 1992 Local Government Act extended it to white collar functions, including housing management, and introduced systematic performance measurement (Malpass and Murie 1999, p.81). By 1997 the combined primary and secondary legislation covered most housing management functions. The provisions could be enforced through anti-competitive measures where councils were "restricting, distorting or preventing competition" (Vincent-Jones 1999, p.274), and the Secretary of State could intervene in cases of non-compliance.

The gains from Compulsory Competitive Tendering were assumed to arise from the involvement of, and exposure to, alternative providers. Measurement of service improvement, while universal, did not follow any set criteria. Indeed, local authorities found it "difficult to 'measure' the quality of services actually delivered and most make judgements on the basis of raising standards in specifications ... [local authorities] have different interpretations of what constitutes a performance measure" (DoE 1997, s.1.2). For the Government, the measure of success under Compulsory Competitive Tendering involved the volume of services exposed to tender. The temporary and transitional arrangements introduced by the Labour Government did specify the expectation of 'service improvement', where "authorities should develop robust measures to



validate their performance” (DETR 1997), although no specific measures were identified.

A significant change brought about by Compulsory Competitive Tendering was a contractualised relationship between landlord and tenant, either through formal service contracts, or *ad hoc* agreements with residents on the nature and level of services, “... potentially transforming the relationship between the tenant and landlord” (Stewart 1996, p.176). This new relationship brought new tension: residents could effectively be led on matters of contract and service specification, and become “... recast as the self-activating responsible customer” (Stewart 1996, p.177).

Compulsory Competitive Tendering was not uniformly welcomed by all local authorities. In 1995, one year before Compulsory Competitive Tendering in housing would take effect, a survey of 25 northern local authorities concluded that “it was significant that many of the fears raised by professionals related to the housing service becoming more concerned with money rather than people” (*Housing*, March 1995, p.30). Seal, in later research exploring the impact of Compulsory Competitive Tendering on white collar workers found that the government was “engaged in a form of guerrilla war with the powerful Metropolitan Authorities over the latters’ attempts to avoid or minimise white-collar CCT” (1999, p.311). Rao and Young (1995), in their study of the impact of Compulsory Competitive Tendering, found that local authorities had been reluctant to adopt the regime, both as a reaction to its compulsory nature and the widespread belief that the Conservative government would not be re-elected.

The legislation required authorities to participate in the tendering process, although many authorities were, at best, loose in their interpretation of that directive. Sixty-six cases of alleged anti-competitive behaviour were reported in 1995, 33 percent of which were for not accepting the lowest bid. The allegations led to twelve notices and seven directions to local authorities requiring compliance with competitive practice (DETR 1997).

In terms of the tendering requirement Compulsory Competitive Tendering did little to alter the nature of providers:

The final survey of the market for CCT contracts in local government prior to abolition on 1 January reveals that despite 19 years of compulsory competition, in-house teams retained 70% of the blue collar business for council services – worth a total of £1.7 billion. In white-collar services, where CCT has operated for seven years, the Direct Service Organisation success rate was 83% of contracts by value for legal services and 92% for housing management. (*Municipal Journal*, 3<sup>rd</sup> December 1999, p.3)

Although services were not generally contracted out to other providers, there is little doubt that Compulsory Competitive Tendering had an impact on operational form. With the arrival of Compulsory Competitive Tendering a new form of housing department organisation arose for many authorities: the client-contractor split. The Department of the Environment set out the requirements for a strict delineation between client and contract division where the client side role was to “set service standards and ensure that the contractor (whether in-house or not) conforms to them” (DoE 1994, p.1). Walsh points to a third element to new organisational forms arising from competition and public services: the strategy and policy making corporate centre (1995, p.197).

Beyond this organisational change it is not clear what effect Compulsory Competitive Tendering had on services, and their providers and recipients, or the reasons for the small proportion of white-collar services contracted out: “Although blue-collar Compulsory Competitive Tendering has been reasonably well researched ... the impact of white-collar Compulsory Competitive Tendering remains largely unexplored” (Wilson 1999, p.39). In addition, “Studies which evaluate the effects of competitive tendering in local government are few in number, cover a limited range of services, and are methodologically flawed” (Boyne 1998, p.695).

Further consideration of Compulsory Competitive Tendering and the experiences of local actors is given in Part Two.



## **1.2 Best Value: the response to Compulsory Competitive Tendering**

Best Value was introduced in the 1999 Local Government Act, and its provisions came into force in April 2000. The aim was to improve local services in terms of both cost and quality:

A best value authority must make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness (LGA 1999, section 3[1]).

The range of activities affected has broadened to include all housing services, and indeed all local authority functions including for example social services, environmental health and planning.

The first details of Best Value were set out in the 'Twelve Principles of Best Value' announced in June 1997. The bill to provide the statutory framework was introduced in the 1998/9 parliamentary session. In the period between announcement and introduction (May 1997 and April 2000) the Government sponsored 37 voluntary council 'pilots', 22 of which contained a housing element. The purpose of the pilots was to "test elements of the best value framework, and assess the extent to which actual improvements in service quality and efficiency have flowed from the new approach" (DETR 1997a). The rationale for the introduction of Best Value was summarised as follows:

Under Compulsory Competitive Tendering service quality has often been neglected and efficiency gains have been uneven and uncertain, and it has proved inflexible in practice. There have been significant costs for employees, often leading to high staff turnover and the demoralisation of those expected to provide quality services. Compulsion has also bred antagonism, so that neither local authorities nor private sector suppliers have been able to realise the benefits that flow from a healthy partnership. All too often the process of competition has become an end in itself, distracting attention from the services that are actually provided to local people. CCT will therefore be abolished (DETR 1998, s.1.5).

Thus, the rationale for Best Value emphasised three points: the failure of Compulsory Competitive Tendering; the importance of partnership in service provision; and the adverse affect of competition as a prime objective.

While the Conservatives' Compulsory Competitive Tendering was unambiguous about what was required – issue of tender, receipt of tender, selection of provider – Labour's Best Value proved more difficult to define. The notion of Best Value prior to implementation was enshrined within one key consultation document: *Modernising Local Government - Improving local services through best value* (DETR 1998). This set out four defining elements of Best Value.

The first was the duty to secure economic, efficient and effective services *continuously* (the '3 Es').

The second required service reviews within which the authority must demonstrate that in the fulfilment of their duties under Best Value they have: *compared* their service provision with that of other private and public providers; *consulted* with local business and community; considered *competition* in provision; and *challenged* the reasons for, and methods of, provision (the '4 Cs'). An important 'C' in the context of council housing is 'consultation'. Power's call for an enhanced "formal role of residents in the running of their estates" (1987, p.243) appears to have finally been acknowledged with the requirement that Tenant Participation Compacts accompany the implementation of Best Value. The Tenant Participation Compact is defined as a tool to ensure that "people know who exactly will be responsible for decisions and who will be actively involved in helping councils to reach those decisions" and enabling tenants to plan, improve and take remedial action (DETR 1999a, s.2).

The third defining element introduced a regime of audit and measurement of performance, with the broad expectation that, year-on-year, costs would reduce and quality would increase. Performance would be monitored locally through Best Value Performance Reviews (BVPRs), partly through adherence to locally and statutorily determined Best Value performance indicators (BVPs), and disseminated annually through Performance Plans (BVPPs).



The fourth defining element of Best Value outlined the consequence of performance: Government intervention in cases of Best Value failure, and reward in cases of success.

In turn these four aspects of Best Value are bound by adherence to twelve principles of Best Value (Appendix A). The answer to the question of what method of service delivery, precisely, the Government expected to arise from Best Value seemed to centre on local interpretation as satisfactory. The lack of clear definition was explained as follows:

The paper does not attempt to define what best value in housing is - that is primarily a matter for individual local authorities in consultation with local people. The primary intention is to explain the process framework within which local housing authorities will need to operate in obtaining best value in housing (DETR 1999a, s.1.3).

Therefore, while the message was unequivocally that Compulsory Competitive Tendering was to be withdrawn, the replacement was to be less prescribed, with the intention that local authorities follow a responsive and locally determined method of service provision within a centrally defined framework. Best Value was not, therefore, about what local authorities should do: it was a framework that prescribed how they should decide what to do.

Specifically Best Value would differ from Compulsory Competitive Tendering in three respects: organisation performance, organisation process, and the relationship between process and performance (Boyne 1999, p.2). These elements are discussed below.

### **1.3 Best Value and Performance**

The requirement to measure performance has been broadened under Best Value, and includes performance indicators reflecting both local and national factors, together with two reporting mechanisms, annual Best Value Performance Plans and the five-yearly Best Value Housing Inspection.

The Best Value in Housing Framework document explains the role of the performance indicators as follows:

Performance indicators and targets are important drivers of improvement. They are not a perfect science nor are they the only means of stimulating improvement. But they do provide an important measure against which authorities, service users, external auditors, the Housing Inspectorate and, in the context of [the] Housing Investment Programme, Government Offices can judge how well a service is performing. (DETR 2000, s.6.35)

The way in which performance is measured is through two forms of indicator: local and national. The national indicators are set each year by the Government and the collation of related data is a statutory requirement. The housing indicators for the financial year 2001/2 are set out in Appendix B. At the same time, local authorities “are strongly encouraged to develop and use local performance indicators to supplement those set nationally. Local indicators have an essential role to play in measuring performance” (DETR 2000, s.6.52). In its guidance to councillors, the Audit Commission underlined the importance of local indicators and provided advice on their development. The Commission advised that authorities should involve users, staff and councillors in their design, establish systems to “produce consistent, good quality data”, and link the local indicators to Best Value Reviews (Audit Commission 1999a, p.8).

In terms of local indicator selection local authorities should consider their entire range of services, and for housing indicators they should draw comparisons with local Registered Social Landlords (DETR 2000, s.6.54-6.55). The Audit Commission underlines the point that local indicators “are not mandatory but we would, nonetheless, encourage housing management organisations to make use of this type (or other) indicators according to their local needs and priorities” (Audit Commission 2001, p.18).

Local authorities will, therefore, have a ‘suite’ of performance indicators – mandatory national and discretionary local. The general intention is that local authorities set targets in terms of what they feel can be achieved:



Authorities should aim to compare their current and prospective performance against other public sector bodies, and those in the private and voluntary sectors. This will rarely be a process of exact comparison, rather the intelligent exploration of how analogous services or elements of such services perform. (DETR 1999b, s.29)

An additional requirement is that overall local authority expenditure reduces annually by two percent and local authorities should 'aspire' to the upper quartile performers in order to achieve:

... cost and efficiency targets over 5 years that, as a minimum, are consistent with the performance of the top 25% of authorities of the type to which they belong and which are consistent with the overall target of 2% per annum efficiency improvement set for local government spending as a whole. (DETR 1999b, s.29)

While this criterion appears unequivocal four points require further explanation.

Firstly, the two per cent figure is a reference to national local government spending and is binding on local authorities only to the point of being an aspiration, insofar as each Best Value Review is not "expected to identify efficiency improvements of 2% a year. Some Reviews may identify much greater opportunities for improved efficiency, others less so." (DETR 1999b, s.30). A related issue concerns whether efficiency relates to outputs or outcomes. The overall thrust of Best Value and continuous improvement is that progress is seen in terms of outcomes, although output measures are considered valuable for assessing "the scope for greater efficiency consistent with the Government's overall target of 2% p.a." (DETR 1999c, s.29). Further clarification of this issue is provided below, in the discussion of the Audit Commission's inspection and the Best Value performance Plan.

Secondly the general 'top 25 per cent' cost and efficiency target is described in the 2001/2 performance indicator guidance as one that will be set by local authorities subject to national priorities and factors listed within the guidance (DETR 2000a, p.18). An example of a national priority is the Public Service Agreement, which, in a housing context requires reclaiming brown field land for development, and reducing the number of households in low quality social housing by one third between 2001 and 2004 (DETR 2000a, p.123). These are



broad capital-based initiatives that do not relate directly to the nationally set housing management indicators listed in Appendix B.

Thirdly, it is certain that local authorities should set targets in line with improvement. As to whether these targets should be within the upper quartile, slightly later housing-specific guidance issued by the Audit Commission stated that “The Government expects Best Value authorities (and, by extension, Arms Length Management Organisations<sup>1</sup>) to set targets that are consistent with reaching, by the financial year ending 31 March 2005, the performance level of the top 25 per cent of authorities” (Audit Commission 2001, s.50). So, the general expectation from the Audit Commission reflects a need for councils to set top 25 per cent targets.

Fourthly, an exception to the setting of general targets concerns certain indicators that have been specifically classified ‘upper quartile target’. The 2001/2 performance indicator guidance relaxed the requirement for services to necessarily meet this standard:

Top quartile targets are intended to be fair but challenging. As a rule, local people should expect comparable service quality to be achieved no matter where they live. But national comparisons will not always be appropriate, particularly where there are good reasons for cost variations between types of authority. The Government has therefore grouped local authorities according to type (e.g. district council, metropolitan borough) for the purpose of setting top quartile targets for cost and efficiency indicators. (DETR 2000a, p.19)

This suggests some local sensitivity in the application of the upper quartile performance requirement. Only one housing BVPI is listed as top quartile for 2001/2 indicators: average relet times for local authority dwellings let in the financial year. In this case:

The Government expects best value authorities to set targets for these (upper quartile) BVPIs, which are consistent with reaching the top quartile of current performers, over five years (i.e. by 31 March 2005). (DETR 2000a, p.113)

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<sup>1</sup> Discussed below in s.2.6; in essence a quasi-corporate third party vehicle that takes responsibility for long term management and maintenance.

What is not clear from these guidelines is where, within the top quarter, authorities should set their target to achieve what might be considered an ‘acceptable’ standard. The Audit Commission’s guidance states that:

It is crucial that the targets are realistic (not a ‘wish list’) but at the same time challenging for the organisation and its staff. Good targets will be SMART: Specific, Measurable, Achievable, Relevant and Timed (Audit Commission 2000, p.24).

Overall, the issues of performance and targets are best summarised by describing them as a required aspect of service provision with scope for interpretation. The only point of certainty is that services must continuously improve to enable legal compliance with Best Value.

#### **1.4 Best Value and Process**

The discussion of process centres on an explanation of the ‘3 Es’ (economy, efficiency and effectiveness) and the ‘4 Cs’ (compare, consult, challenge and compete). These are the general concepts that underpin Best Value.

##### **The Three Es: Economy, efficiency and effectiveness**

The requirement to provide services with economy, efficiency and effectiveness is explicit within the Local Government Act 1999. In addition to the general statement within section 3 (1) which sets a duty on local authorities to achieve the 3 Es, the requirement is repeated in other two contexts within the ‘Act. For performance, in specifying performance indicators the government “shall aim to promote improvement of the way in which the functions of Best Value authorities are exercised” (Local Government Act 1999, s.4, ss.4[a]) with regard to the 3 Es. When reviewing services, improvement will be with regard to the 3 Es (Local Government Act 1999, s.5, ss.3[a]).



There is little further clarification of the 3 Es. The DETR circular states that the 3 Es are “a broad remit, and one that provides local government with a considerable challenge and a major opportunity” (DETR 1999b, para.4).

The Audit Commission, in their document *The Role of the Audit Commission in Best Value* published in December 1999, provided practical guidance equating the 3 Es as ‘value for money’ across a range of functions, including related and cross-cutting issues, together with a robust system of performance measurement. Further clarification from the Audit Commission is provided in their management paper, *On Target: The Practice of Performance Indicators* published in June 2000. Here, four basic measures when constructing the 3 Es are identified: the cost of the service, the input required in terms of resources (buildings and staff, for example), the output (the service provided) and the outcome, or “actual impact and value of the service delivery” (Audit Commission 2000, p.9). The *On Target* document proceeds to define the 3 Es as follows:

Economy: ‘acquiring human and material resources of the appropriate quality and quantity at the lowest cost’ (staff, materials, premises). An example is the cost of buying new books for a library.

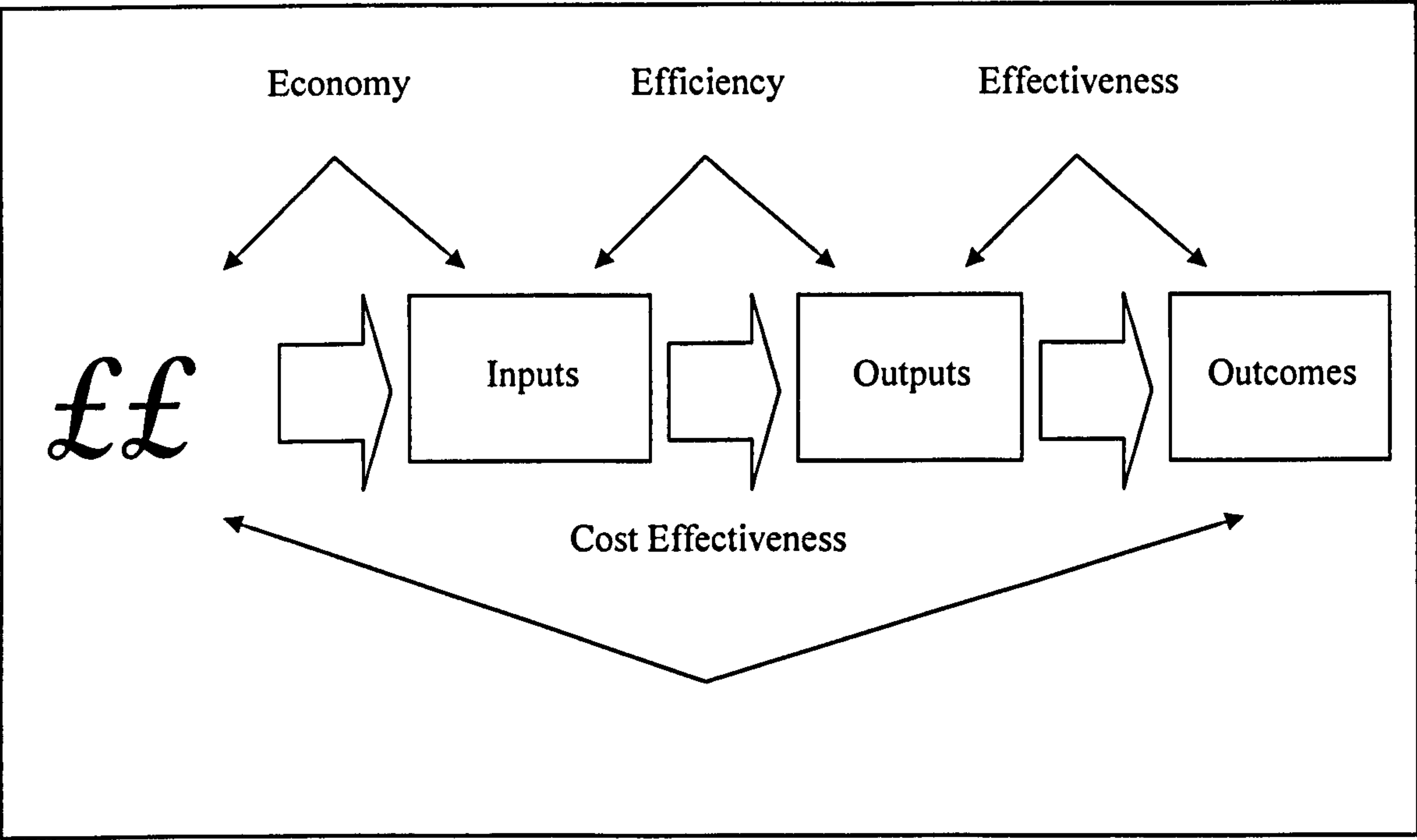
Efficiency: ‘producing the maximum output for any given set of resource inputs or using the minimum inputs for the required quantity and quality of service provided’. An example is the cost per visit to public libraries.

Effectiveness: ‘having the organisation meet the citizens’ requirements and having a programme or activity achieve its established goals or intended aims’. An example is ‘the percentage of library users who found the book/information they wanted, or reserved it, and were satisfied with the outcome’. Effectiveness is about assessing whether the service is actually achieving what it set out to do (Audit Commission 2000, p.9).

A significant point, and to underline the ‘and’ aspect of the 3 Es, performance measurement is carried out with regard to economy, efficiency *and* effectiveness. For example a housing benefit indicator could include cost, time taken, and accuracy (Audit Commission 2000, p.9). Overall, the 3 Es link cost and outcome. The relationship is illustrated in figure one below. The 3 Es can include a wide

range of factors depending on the context. The outcome or ‘actual impact’ may have dimensions that require the inclusion of equalities issues and strategic importance. For example, allocating vacant homes may take into consideration ethnic minority representation in terms of access to and satisfaction with the service, standard of void preparation and pre-tenancy counselling. An output could be considered in terms of time taken from notification to relet.

**Figure One: The 3 Es**



Source: Audit Commission 2000, p.8

The important feature is that economy, efficiency and effectiveness must be measured, and therefore measurable, to ensure that continuous improvement can be assessed.

## **The Four Cs**

The requirement to compare, consult, compete and challenge is relevant primarily to the Best Value 'fundamental performance review'. Services for review are designated according to areas of expenditure, by service or neighbourhood area of delivery for example, "with a presumption that it will look first at areas where performance is worst" (DETR 1999, p.3). The review is applied to each service every five years and within which the four Cs are described as "common considerations [that] apply to the way in which the review process should be conducted" (DETR 2000, s.6.12).

'Challenge' is effectively a detailed self-examination where the council will consider "why, how and by whom a service is being provided" (DETR 2000, s.6.14). For example, the council will 'ask itself' why it, rather than another organisation, carries out repairs to properties, the method it uses, and why the current provider is used.

'Compare' is a requirement to measure performance relative to other providers "across a range of relevant indicators, taking into account the views of service users and potential suppliers" (DETR 2000, Para 2.16). The intention is that local authorities choose from a range of suitable comparisons and make "an intelligent exploration of how analogous services perform" (DETR 2000, s.6.18).

'Compete' requires the use of "fair and open competition wherever practicable as a means of securing efficient and effective services" (DETR 2000, s.2.16).

'Consult' covers the individuals and organisations expected to be relevant to a council's Best Value performance targets, including "local taxpayers, service users, partners, the wider business community and internally" (DETR 2000, s.2.16).

'Compare', 'compete' and 'challenge' are related largely to matters of relative performance and costs, and are relevant to the discussion of performance measurement and monitoring and costs in the next section of the thesis. The



consultation requirement has been given a unique relevance within the Best Value in housing guidance and legislation through the introduction of Tenant Participation Compacts:

Compacts will help local authorities and tenants establish mechanisms for tenants to take part effectively in consultation and local housing decisions. This goes to the heart of Best Value and compacts need to be seen as an integral part of Best Value as it relates to housing (DETR 2000, s.5.13).

The first Compacts were required to be in place by 1st April 2000. They are a written agreement between the landlord and local residents drawn predominantly from local authority managed housing. The word 'tenant' is taken to have a wide definition in the context of Compacts and should include "secure tenants and council leaseholders and also cover tenants with introductory tenancies, tenants living in sheltered or supported housing, or tenants living in temporary housing" (DETR 1999c, s.2).

The Tenant Participation Compact is defined as a tool to ensure that "people know who exactly will be responsible for decisions and who will be actively involved in helping councils to reach those decisions" and enabling tenants to plan, improve and take remedial action (DETR 1999c, s.2).

It is clear that residents have a role in the future shape of housing services. This marks a shift from the situation under Compulsory Competitive Tendering, where tenants had a right to be informed of change but no right to play any part in influencing that change (Stewart 1996, p.177). The new provisions under Best Value include a move from the word 'consult' to more active language, where tenants will be 'involved' and 'take action'. However, with this increased involvement some degree of responsibility is suggested, in that those tenant representatives who "wish to be consulted or have the opportunity to influence or make decisions, [they] may be required to study and comment on papers and background information" (DETR 1999c, s.2). In addition, the tenant groups that wish to engage in participation must "meet the council's agreed and published criteria for formal recognition", such as a written constitution, regular meetings and a policy on equality issues (DETR 1999c, s.4). An appreciation of the

practicalities of involving and training tenants is given through the listing of the support that should be available to them, such as finance, premises, and tailored training (DETR 1999c, s.4).

While a measure of prescription is apparent in the structure of Compacts, the guidance underlines that “there are no magic universal formulae for effective participation” (DETR 1999d, s.1). This is a reference to diverse local circumstances, and while there is a national framework, there cannot be a ‘national compact’. Local sensitivity is extended to the matter of measuring the effectiveness of tenant inclusion. The Compacts are expected to conform, where local circumstances allow, to certain core standards listed as involvement in housing service provision, resources and training, standards of meetings (such as a clear agenda, active publicity, and child care costs), standards of information (easily understood texts in a wide range of media and relevant subject areas), and the organisation of tenants’ groups (DETR 1999c, s.4).

Clearly local authorities and residents have a number of preparatory matters to organise before active involvement will arise.

### **Summary of the 3 Es and the 4 Cs**

Economy, efficiency and effectiveness are the framework for defining the process by which Best Value will be delivered. The emphasis that the Audit Commission places on these aspects of service suggest that they are a major part of evaluating Best Value. Consult, challenge, compare and compete are the way in which this is to be achieved according to the requirement of continuous improvement. Best Value, described in this way, is about required processes and a broad framework with which to achieve them.

### **1.5 Monitoring Best Value**

There are two main ways in which an authority’s performance in respect of Best Value in housing is monitored. The first is through the Best Value Performance Plan, and the second is the Best Value Inspection.



## **Performance Plans**

The most frequent and locally accessible means by which local authorities' performance will be monitored and reported is through the Best Value Performance Plan. The notion of accountability and the publication of a Best Value plan has been a key feature of the policy from the outset (appendix A, principle one). The requirement to produce a plan is set out in the Local Government Act 1999 where councils "must prepare a best value performance plan for each financial year" (s.6, ss.1). The required content of the plan is detailed in Government guidance and includes summaries of the authority's objectives, current and recent performance, progress with Best Value Reviews, response to Best Value Inspection (if undertaken), and a 'consultation statement' "explaining how participation requirements have been met" (DETR 2000, s.6.58). These provisions apply to all local authority services.

The Plan is published in two forms. The first comprises the complete range of details listed. The second is a summarised form presented to "engage local people and local interests fully in Best Value and in the outcomes" (DETR 2000, s.6.62). This summary should provide "a fair and accurate reflection of information" of the full version of the Plan, and while councils will select this information it should "have regard to key national and local priorities and any action in hand to tackle performance weaknesses" (DETR 2000, s.6.63).

## **Best Value Inspections**

The second method of monitoring is the Best Value Inspection. Inspections of housing services are undertaken by the Housing Inspectorate, a subsidiary of the Audit Commission. The Local Government Act 1999 (sections 10-14) sets out the general procedure for a Best Value Inspection. Once the inspection has been carried out the Audit Commission will publish a report detailing any failure in compliance; and may, with reference to that failure, recommend direct intervention by the Secretary of State. In any event, a failure in compliance

identified within the report must be reflected within the next performance plan, together with any action taken by the council as a result.

The Audit Commission considered the legislation and accompanying guidance to produce details of the range of considerations they will use in their inspections including relevant government policies, the needs of vulnerable groups, local context, the Best Value performance data and service standards (Audit Commission 2001a).

### **Best Value Inspections in Practice**

The first inspection took place in September 2000 and almost 200 housing-related inspections had been completed by February 2002. Some authorities were subject to a limited inspection where, for example, they have transferred all of their housing stock. Others, with larger housing departments, required several inspections covering a various aspects of the service. For housing departments individual inspection reports have covered building maintenance, caretaking, allocations, housing services, housing strategy, supported housing, repairs, homelessness and rent collection.

The inspections follow a council's publication of their Best Value Review "so that authorities themselves will determine when most inspections will take place" (Audit Commission 2000a, p.26). The inspectors "reach their judgements by asking two key questions: how good are the services being inspected? (and) will those services improve?" (Audit Commission 2001, p.6).

In overall terms the Best Value Inspection is a means of "assessing excellence in housing management" (Audit Commission 2001, s.1). A number of considerations are used in drawing conclusions about the extent to which local authorities are achieving Best Value, and the combination of the Best Value Performance Plan and the Housing Inspection form the basis of such conclusions.



The result of an inspection is relayed in a number of ways. For example, the full inspection report for housing management services runs to around 50 pages on average. As a précis of the report, the Inspectorate has developed a system of scoring council services according to a 'star' rating to convey its overall judgement: no star – poor service; one star – fair service; two stars – good service; three stars – excellent service. The service rating is pegged to a 'prospects for improvement' star rating with a similar scale: no star – poor; one star – fair; two stars – promising; three stars – excellent.

### 1.6 Best Value Summary

Two areas have been covered in this section: a description of Compulsory Competitive Tendering, and a description of Best Value. This introduction to the two policies highlights certain differences and similarities.

The most obvious reference to the research question (concerning the redefinition of relationships) in this section has been the role of residents, and the active manner in which they will be involved in Best Value processes. This is the clearest distinction between Best Value and Compulsory Competitive Tendering. In addition, it is clear that all members involved in the delivery and receipt of local services will potentially become involved in 'planning' service improvements.

Other distinctions can be identified such as systems of measurement, accountability and monitoring. Best value involves the use of these new processes and measures with the implicit assumption that they will lead to improved services and is "tantamount to a belief that *rational planning* leads to better organisational performance" (Boyne 1999, p.9, emphasis original). This planning cycle – from review of current services, to targets for future services, to action necessary, to monitoring the impact of the course taken – involves a locally determined process far removed from the rigid requirements of Compulsory Competitive Tendering.

This notion of autonomy and flexibility carries certain complications. While the aim of Best Value is to ensure continuous service improvement it is not immediately clear how this will be achieved. Certainly, there are performance indicators, inspections, audits and so forth. Fundamentally Best Value is 'about' reducing costs and improving quality of service provision - the 'outcome', with the mechanisms set out within the legislation and guidance - the 'process' (Boyne 2000, p.7). The issue is to understand what this means in practical terms: whose process and outcome is considered, and which prevails?

An additional aspect of change introduced with Best Value is the scope of the policy. Best Value affects all services across all local authority departments. Different and complementary departments involved in producing Best Value outcomes could produce an interesting range of possibilities as each vie for, on the one hand, departmental compliance and on the other maintain services in line with broader organisation goals.

The path to understanding the "muddled and complex affair" (Jacobs 1999, p.60) that is policy involves an appreciation of what Best Value is and the changes it will introduce, the nature of any complexity, and the way Best Value is managed at the local level. These issues are considered in greater depth in part two of the thesis.

# CHAPTER TWO

## Research Framework

Chapter one provided an outline of Best Value and the policy environment into which it was introduced. Key openings for resident inclusion characterise Best Value, together with a number of performance and procedural aspects of implementation. This chapter sets out the research framework in three stages. Firstly, the research questions are set out. This serves to highlight the focus of the dissertation. Secondly, the methodology that underpins the research approach is explained. Finally, and with a view to the research focus and the methodological basis of the thesis, a range of applicable theoretical ideas are discussed.

### 2.1 Research Questions

The central research question is: *In what ways were local relationships redefined following the introduction of Best Value?*. This question is considered from three perspectives.

Firstly, in considering Best Value a significant element of the discussion involves the forerunner, Compulsory Competitive Tendering. The policies differ in a number of respects, although the ostensible aim of both involve improved performance. Local authorities had worked with Compulsory Competitive Tendering in housing departments for almost five years prior to Best Value, yet the objective of the policy – the outsourcing of services and the assumed efficiency that would follow – did not materialise to a significant extent.

The question that requires interrogation in this context is the situation before Best Value and the *change* that arises. It is possible that, for example, the aversion to tendering (although by no means universal) may continue with Best Value and negate the effectiveness of the 'compete' requirement. The first



research sub-question is therefore: *How is current implementation dependent on past practice and circumstance?*

A second research sub-question is required to identify how those associated with Best Value interpret the policy. The straightforward reason for this inquiry is to ascertain how, amidst the various interpretations that could arise given the wide scope of Best Value, and the intention of local determination in any event, Best Value is being interpreted by local actors. This does not explain how Best Value is being implemented; rather, how local actors would like to see housing services provided within the boundaries of Best Value. To this end the second research question is: *to what extent is the implementation of Best Value in line with the expectations of those associated with Best Value processes?* This question is raised in the light of the emphasis on resident influence within Best Value, and the extent to which Best Value process allows expression of their preferences. Therefore, it might be expected that residents will have an impact on Best Value implementation.

The final stage in estimating the way in which local actors impact upon Best Value implementation involves the identification 'significant actors'. The underpinning contention in this work is that Best Value will cause the local context to shift: relationships will be renegotiated. This line of reasoning is largely deductive, developed from an analysis of Best Value, previous research and consideration of theoretical ideas. The two relatively open initial research questions also allow affirmation or refutation of the notion of shifting relationships to arise inductively. They are a consideration of what happened during Compulsory Competitive Tendering and the expectations of Best Value. This relatively open frame of investigation has been adopted because little is known of 'relationship' events during Compulsory Competitive Tendering. Similarly, Best Value is a new policy: it cannot be predicted how, or indeed if, relationships will change. It is thus the intention to identify key themes that have arisen during Compulsory Competitive Tendering, and are likely to arise during Best Value.



The final research sub-question seeks to establish who steers change under Best Value: *is any group or individual associated with Best Value processes able to influence implementation?* This research focuses on the specific involvement of local actors: front line staff, councillors, residents and senior management. The specific hypothesis that flows from this question - *senior officials are most likely to control the agenda of change under Best Value* – is the focused application of certain theoretical ideas and methodological direction discussed in the next section.

To summarise, the reasoning of this work is that current implementation is partly dependent on past patterns of delivery; different interpretations of Best Value will arise from local actors; and certain groups or individuals will steer Best Value implementation so that their interpretation of Best Value is realised.

## **2.2 Research Methodology**

The methodology is an explanation of the logic underlying the research processes as a whole: the foundation of assumptions, arguments, and range of consideration. The aim of this section is to present a persuasive starting point that considers competing and complementary views of research approaches, acknowledges strengths and limitations, and provides a clear and consistent ontological, epistemological and methodological position from which an appropriate research method can be articulated.

### **Ontology**

The object of this study is local housing policy implementation. The ontology that has driven urban researchers to explain this object can be sourced from structuralist and individualist or agency traditions (Jacobs 1999, p.17). This work falls within these ontological identifiers. It is argued throughout that both the action of specific agents and social structure have a part to play when arriving at explanations for outcomes. In the context of Best Value, and outcomes that arise ostensibly because of Best Value, it is contended that the form of outcome is rooted in social structure. Best value, as a policy with legitimacy and legal force,

is part of social structure, and it has arisen as the result of a myriad of factors. In the context of housing (although Best Value affects a wide range of other local authority activities) some of these factors could be listed as tenure, public finance, and housing markets.

It is posited as a founding assumption that interpretations of Best Value will arise from individual experiences that have been influenced by structural characteristics. This is therefore a realist ontology – a belief that adequate explanations are found in part through the observation of certain phenomena, and in part through recognition of certain causal underlying mechanisms.

### **Epistemology**

A problem that arises from this assumption is the definition of what ‘structures’ are – where are these ‘causal underlying mechanisms’? Positivists for example would argue that to ‘imagine’ such forces is to avoid dealing with directly testable hypotheses and verifiable evidence. One answer to this criticism is to return to the ontological assumption that all that exists to be explained is not necessarily observable, at least in terms of empirical research. An example of this apparent evasion could be organisations. Perhaps it is not what they are, or what they do, that engenders a response from those within them; perhaps it is what they are seen to represent that evokes an emotional response. Ellison and Martin (2000), in applying the theoretical ideas of Melucci (1996), try to answer two questions – why is it that only certain members of a group, with the same problems, become mobilised; and how can the degrees of mobilisation be explained? While the answers to these questions were founded in individuals and the extent to which they recognised themselves as part of a collectivity, there had to be reasons for the need to mobilise in the first place and, crucially, what they found to mobilise towards. The test area for Ellison and Martin was the mobilisation towards the mass support for the Irish Republican Army (IRA). Their social constructivist approach could explain how social movements arise, but not why – “Of course Melucci is still concerned with *why* social movements emerge; that is with the structural precondition for collective action” (Ellison and Martin 2000, p.689). In this example the IRA provided the precondition in what



it represented – a relatively (at least when compared to other aspects of the Civil Rights Movement) coherent set of policies and ideas. It was not what it *was*, but what it *represented* that held appeal and subsequently popular support – “Thus, a collective actor cannot construct its identity in a vacuum” (Ellison and Martin 2000, p.690).

Best value, of course, is not about the repression of Irish people. However it is suggested that the theme from this example can be drawn out to inform the epistemological position of this work – that causal structures and individual volition are *together* crucial aspects of social enquiry. Further, theory that is used to test this notion, and to develop the hypotheses of this work, should reflect this understanding.

### **‘Contingent Necessity’: Method, Methodology and Compromise in the Research Process**

The ontological and epistemological ideas adopted are fundamentally (and respectively) that meaning is formed by socio-historical context and identity of an individual (‘where you come from, who you are’), and that people constitute knowledge (‘meaning’) in their practical everyday activity. This ‘stance’ is not presented as a dogmatic reality; simply a starting point from which the context and reasoning of the thesis can be understood. The reality to be observed is a virtually infinite array of factors, and to group them and present an algebraic formula would (were such a thing possible) be meaningless as a basis of analysis. Marx’s approach to encapsulating the ‘concrete’ is expressed in *Grundrisse*:

Thus, if I were to begin with the population, this would be a chaotic conception (*Vorstellung*) of the whole, and I would then, by means of further determination, move analytically towards ever more simple concepts (*Begriff*), from the imagined concrete towards ever thinner abstractions until I had arrived at the simplest determinations. From there the journey would have to be retraced until I had arrived at the population again, but this time not as the chaotic conception of a whole, but as a rich totality of many determinations and relations (Marx 1973, p. 100).



Marx's reconstruction of the chaotic revolved around a focus on economic factors relating to the aspect of his analysis – a 'rich totality' is therefore perhaps an exaggeration. But the point is this: If the construction of reality is to be taken as a complex notion then some form of reduction is necessary for meaningful investigation. Jessop (1999) describes this as a 'contingent necessity' that leads to an epistemology that combines "concepts, assumptions, and principles of analysis from different theoretical domains and (then) to link them to a given, theoretically defined explanendum". Consideration of this reasoning is expounded in the discussion of theory where, particularly, the volition of individuals and the nature of power within society's structures are explained. For example, exponents of New Right and Marxist theory place too great an emphasis on individual and state-centred bases, respectively, from the perspective of this work.

An additional point that arises from what is essentially a selective focus is that any explanation "is only more or less satisfactory relative to a given explanendum that has been isolated (and thus 'constructed') by an observer out of that infinite complexity" (Jessop 1999). This selectivity extends to method, which must acknowledge other 'planes of observation', yet encompass sufficient depth to stand as a substantial approach in its own right.

The theories to be examined for this dissertation must be capable of explaining the processes and dynamics of local bureaucracies and shades of influence within them. Additionally, the examination of theory must include a discussion of the extent to which the complexities of the situation have been reduced, both in terms of the focus of theory and the application of it. The considerable body of 'accepted' housing research has either been "undertheorised" (Kemeny 1992, p.19) or positivist, adopting a linear perspective of the political and policy arena. It is considered appropriate to respond to Kemeny's (1992, p.21) suggestions concerning housing research - to be reflexive (that is, to think about what is being researched and why) and critical (to challenge the orthodox). In this sense Best Value is a new policy demanding new modes of local authority provision. The basis of the policy and the outcomes that are expected to arise should be

scrutinised and tested. The theoretical aspect of the thesis is discussed in the next section.

## **2.3 Theory**

In order to explore the issues raised and answer the questions set it has been necessary to develop a method of investigation which is appropriate. This section starts with a relatively general discussion of theoretical perspectives that could guide this research, and concludes with a summary of the theoretically informed research method adopted. Further explanation of the method and associated theory is provided in Part Three 'Theory and Best Value'.

Theoretical development in local government policy research has traditionally found root in structural or agency explanations of outcomes. Recent developments have highlighted the shortcomings of drawing 'hard' dichotomies, with explanations drawing in concepts such as 'governance', rational planning' and 'urban regimes'. By the mid-80s it was clear that two major social scientific traditions concerned with power relations were being used to address questions related to changes in the institutional framework of government: structuralism and pluralism.

### **Structuralism**

Structuralist theory offers a determinist view of the relationship between the individual and society. Society's structures determine agents' actions.

Housing is relatively well served by structural analysis, the "exemplar" (Jacobs 1999, p.46) of which is Cockburn's study of Lambeth. Hers is an account of the local state locked in struggle against a capitalist state, and reflects a certain sympathy with the plight of local officials: "Stronger management in the town hall could not, in the brightest economic circumstances, let alone crisis, respond to the needs of an urban working class whose distress was caused mainly by factors well beyond the council's control" (1977, p.158). Cockburn's analysis refers to corporatist methods of local management which "should by all accounts



have been deftly despatching the poverty with one hand while reining back the charger of public spending with the other ... the new management in the council was no match for trends whose cause lay largely outside” (1977, p.67). The ‘trend’ is a reference to reproduction of the labour force, necessary for the continuation of the capitalist system, and as Cockburn illustrates, under pressure to provide reproduction at least cost to that system. There is an assumption within her analysis that places all causes of inequality in housing within a pro-capitalist central-state power. Whether this is true or not, the capacity for complicity of senior management, or any other actor, is missed when the focus is so firmly fixed on the central state.

Following the broadly Marxist-sympathetic line Jürgen Habermas’s theories relating to ‘legitimation crisis’ (1976) through to ‘communicative action’ (1996) resolutely acknowledge the importance of the motivational and rational activity below the central state, although the nature of his exploration means that “administration is itself assumed to take a unified, bureaucratic form” (Black 2000, p.614).

Most of what actually ‘happens’ during Best Value takes place at the local level, within the spatial boundary of the local authority. Mark Page sought to deal with the ‘derived’ nature of what he considered to be a structuralist approach, “reducing the state to a simple concretisation and spatialisation of the abstract categories of the capitalist mode of production” (1990, p.45). He showed that local government is far more complicated than an extension of central government, with many interests often vying for particular programmes of interest. He followed the reductions in capital budgets, and noted that authorities would respond in a variety of ways, sometimes at odds with the intention of policy: “just reducing the HIP [Housing Investment Programme] allocations was not enough to ensure that what councils did was what central government wanted ... government ministers have had to learn on the job that reducing this autonomy is no easy matter” (1990, p.287). He looked at processes often ignored, and sought:



a way of understanding both agency and social structures within which agency is articulated ... it has been our intention that the study should make a contribution towards bringing an understanding of the structures and agents of housing production and the state into mainstream of current discussions around urban change and urban politics (1990, p.297).

The problem with Marxist-derived analysis epitomised in Page's observations is that it does not uncover why local variation occurs; it lacks the sensitivity to embrace actor volition in the way required by this thesis. An agnostic appreciation of Marxism is carried forward in this sense: structures in society involve an imperative. While it may well be that the economic imperative is the prime driving force, some space exists for actors to work within, to test society's structures. And this need not, always, produce outcomes consistent with the shackles capitalist society seems to impose from a neo-Marxist standpoint. Kleinman expresses this point in the following terms:

I reject the view that policies are always, and must always be in the objective interests of the capitalist class, and that apparent gains for the working class, for minority groups, for the poor and disadvantaged generally are always and necessarily illusory. (1996, p.14-15)

To assume that Best Value is a policy so tightly formed, so contrived to serve the needs of capitalism and nothing else, is to miss the possibility that it may be interpreted in different ways. Sometimes, as Kleinman suggests, this may result in real and 'uncapitalist' benefits for certain groups. Of course, within structuralist analysis these benefits may be seen as placatory rather than illusory, but the essence of Kleinman's argument should be acknowledged as a research possibility. Policies are ambiguous, and outputs are the result of a vast array of actor involvement. Similarly, there is no single structure of determinism; society comprises a vast array of 'sub-structures' and agents within - each competing, cooperating, interacting, and crucially interpreting the overall social context.

## Pluralism

Pluralism arose as a critique of the theory of representative government and considers a wider range of influences on governments, with a particular focus on interest groups and the ways in which they operate to balance excesses in either economic and political power:

The political process remains one in which there are multiple (plural) centres of power, and one in which the ordinary citizen can intervene relatively easily and effectively (Dunleavy 1981, p.202).

From this view pluralist explanations are relevant to the thesis as a view of all actors as potentially powerful. Opportunities exist for individuals to express disquiet and preference through democratic structures, and pluralists would argue that the existence of the welfare state and council housing is evidence of this. Taking the line of thinking a stage further, pluralists would interpret Best Value as an example of evolved democracy with loose central government control and enhanced local means of involvement for those involved with service provision.

It is the diversity of society, with its varied represented interests, which is of value to pluralists, and the “rejection of absolute, unified and uncontrolled state power remains the hallmark of pluralism” (Dunleavy and O’Leary 1987, p.13). The rejection of state or any form of overarching centre of control is reflected in methodological individualism –

The possibility that individuals have interests which they have not expressed as preferences is ruled out of order. Effectively it becomes impossible for people to be mistaken about their interests. Marxist and radical claims about the possibility of ‘false consciousness’ are dismissed as unscientific or value-laden. (Dunleavy and O’Leary 1987, p.19-20)

This work could therefore proceed to test the pluralist advocacy of any ‘free and real’ expression that Best Value brings. Should this line be adopted three problems are apparent.



The first is reliance on the notion that an opinion expressed is an opinion counted. Dearlove (1973) found in his study of Kensington and Chelsea that councillors effectively manipulated the input of individuals and interest groups to fit their agenda, which created a situation where those wishing to be heard had to either face exclusion or adapt their input to become more councillor compliant (Stoker 1988, pp.111-112). Dearlove's interpretation is one of 'elitism', where one group is able to exert control over others. The influence can extend to another local authority group:

As Weber (1947) notes, bureaucracies have both positive and negative aspects: positive in that they offer an efficient way of organising administration; and negative because they open up the possibility of power being vested in officials who are accountable to neither the public nor to politicians (Hill 1997, p.44)

Dunleavy (1977, 1980), Pahl (1975), Saunders (1980, 1983) and Newton (1976) have undertaken research in urban local authorities suggesting that officers and politicians effectively creating a decision making 'cocoon', isolating groups such as ethnic minorities, trade unions and lower grade workers "where dogs may bark themselves hoarse in the night but nobody listens" (Saunders 1979, p.29).

The second problem relates to the assumption that power can be distributed fairly equally given open and accountable systems of democracy; it is 'within us all' to actively participate and effect change. Barriers that exist and obstruct this process can be identified and eliminated. The issue here is the extent to which such barriers can be identified. When considering what Best Value 'is', the discussion concerning the way in which it arose and connects to policy outcomes, explanations cannot be pinned down entirely to observable phenomena. For example, Longhurst considers a positivist approach "relatively fruitless" (1995, p.130) when trying to decide what 'black music' is. Not only does the perception of 'music' and 'black' have to be considered, but also the basis of that understanding, such as genetic, cultural, evolutionary, class and race accounts (127-133). Porter (1993) considered diverse social situations and ideological 'baggage' as important variables when defining 'race'. Ideology, class, race and culture are not visible as regular and objective entities; they are not consistently tangible aspects of the social world. The dilemma, therefore, is trying to seek an



explanation from a picture with significant ideational elements. The Government's Best Value policy contains many explicit and implicit criticisms of unresponsive local authorities and poor service delivery. It is suggested that an incomplete picture will arise from the reliance on a theory that evaluates policy through the use of observable phenomena, such as performance data, alone. An important issue is the consideration of how measures become defined, and the meaning to actors involved in their definition. The enduring and practical point here is that explanations for social events are not necessarily observable. Simple animal traits such as comfort, belonging and security clearly arise from time to time, and in turn affect our view of the world, and the way we act within it. The task this presents is to 'fill the gaps' as much as possible without the assumptions of pluralist and positivist logic, which leads to the third point on pluralism.

The third problem relates to these explanatory gaps left by pluralist accounts; what they are and how to articulate them in policy research. In essence the critical realist position of this work states that factors that influence actors' behaviour exist whether we can see them or not, and this has been covered in part with the explanation above of the second problem of pluralism. Little explains that pluralist accounts are:

... entirely unpersuasive ... What determines the adequacy of a system of concepts in science is its ultimate utility in analyzing and explaining the range of phenomena to which it is applied – not its 'foundations' in a supposedly rock-bottom level of ontology (1991, p.186).

Little's discomfort with pluralist logic stems from the rigid adoption of the ontological notion that social phenomena comprise individual activity, which in turn must be explained *through* individual activity. The former point is the ontological position of this work, but it cannot be accepted that a *full* explanation flows from individual accounts. However, in the sense that individual activity and individuals' perceptions of it are a vital part of the explanation sought, a pluralist-based approach can yield valuable insights: its "theoretical merit is its concentration on the minutiae of everyday life" (Jacobs 1999, p.50). This observation brings the discussion on pluralism and structuralism full-circle; both are of value, yet neither offer a wholly satisfactory basis of inquiry.

## 2.4 Theory and Best Value: Bridging Pluralism and Structuralism

Anthony Giddens (1979) developed the concept of structuration whereby the relationship between agency and structure is expressed in terms of mutual dependency. The structural traits of society (demographic, social or economic for example) provide the means for action and *consequently* opportunities for outcomes. Giddens argues that modernity has empowered the individual as democratic systems, communication and networks have evolved:

Everyone still continues to live a local life, and the constraints of the body ensure that all individuals, at every moment, are contextually situated in time and space. Yet the transformations of place, and the intrusion of distance into local activities, combined with the centrality of mediated experience, radically change what 'the world' actually is (1991, p.187).

While on the one hand Giddens is drawing attention to the volition of individuals and adding force to pluralist accounts, on the other he is drawing the reader into an appreciation of the pervasive nature of non-local, even global, 'intrusions' to shape action. Customs, traditions, laws and language can be changed as actors recursively renegotiate structure. An example of Giddens' ideas applied is Healey and Barrett's (1990) urban property research:

They outline an explicit approach to the relation between structure, in terms of what drives the development process and produces distinctive patterns in particular periods, and agency, in terms of the way individual agents develop and pursue their strategy (Jacobs 1999, p.21).

However, structuration can only inform an approach. It is not a method; "rather it is a way of informing methods and providing concepts to enhance research" (Jacobs 1999, p.20). In this work, as a starting point, it can be useful to consider the underpinning ideas of structuration theory to reconcile the structure-agency viewpoints and develop a method to investigate local change.



Application of urban regime theory provides some interesting perspectives in this context, suggesting the formation of coalitions within and between public and private organisations to achieve a certain policy direction (Stone 1989, Elkin 1987): a form of “‘governing coalition’ ... [that] recognizes both the relative human agencies of politicians, bureaucrats, capitalists and activists, as well as the structural constraints and contradictions of capitalism and liberal democracy” (Brown 1999). Urban regime theory does not ‘rank and divide’ in the way pluralist and structuralist-inspired accounts can. A limitation of the theory is the suggestion of a situation where structural components can become subsumed in the ‘local regime’, and thus “downplay the extent to which actors can influence the system in which they operate”, and obscuring the reasons for change (Brandsen 2001). Urban regime theory also neglects consideration of the impact of economic factors on political processes which “weakens the ability of regime theorists to explain city politics” (Davies 2002, p.13).

Rhodes’ neo-pluralist analysis of British government policy-making noted “function specific networks comprising central departments, professions and other key interests” (Rhodes 1992, in Jacobs 1999, p.51). ‘Agencies in league’ is an interesting explanation of action, although identifying actual networks is complicated. Networks are not neat and replicable aspects of society:

Networks involve the institutionalization of beliefs, values, cultures and particular forms of behaviour. They are organizations which shape attitudes and behaviour. Networks result from repeated behaviour and, consequently, they relieve decision makers of taking difficult decisions; they help routinize behaviour. They simplify the policy process by limiting actions, problems and solutions. Networks define roles and responses. (Marsh and Smith 2000, p.6)

This extract reveals a number of characteristics of networks which lead to three investigative possibilities (Marsh and Smith 2000, pp.5-9):

1. Policy outcomes are the product of a network and the actors within it;



2. Networks themselves are related to the broader context in which they are located (other networks; structural issues such as race, class and gender) which influence the composition and interests of the network;

3. Network responses could simplify process and outcome and motivate actors to adopt particular strategies depending on how they were affected by the outcome and the part they played in its arrival.

Linking these three aspects of networks Marsh and Smith developed an illustration of the flow between the structure/agency parameters, through to the skills and resources available to an actor, the subsequent 'filtering' effects of the network, and on to policy outcomes (2000, p.12). This is illustrated in figure two. The frame, adopting Marsh and Smith's dialectic<sup>2</sup> approach, provides a useful method of conceptualising Best Value and the behaviour of actors within this policy arena.

A network model as espoused by Marsh and Smith bridges the agency-structure extremes through 'meso-level' analysis:

Macro-level theories are often too abstract and frequently applied to concrete situations with little attention to mediating processes, while micro-level theories tend to ignore the impact of broader structural factors on micro-level decision-making settings. It is thus argued that operating at the meso-level acts as a corrective device for ensuring that policy scientists don't lose sight of important macro- or micro-level questions. (Evans 2001, p.542)

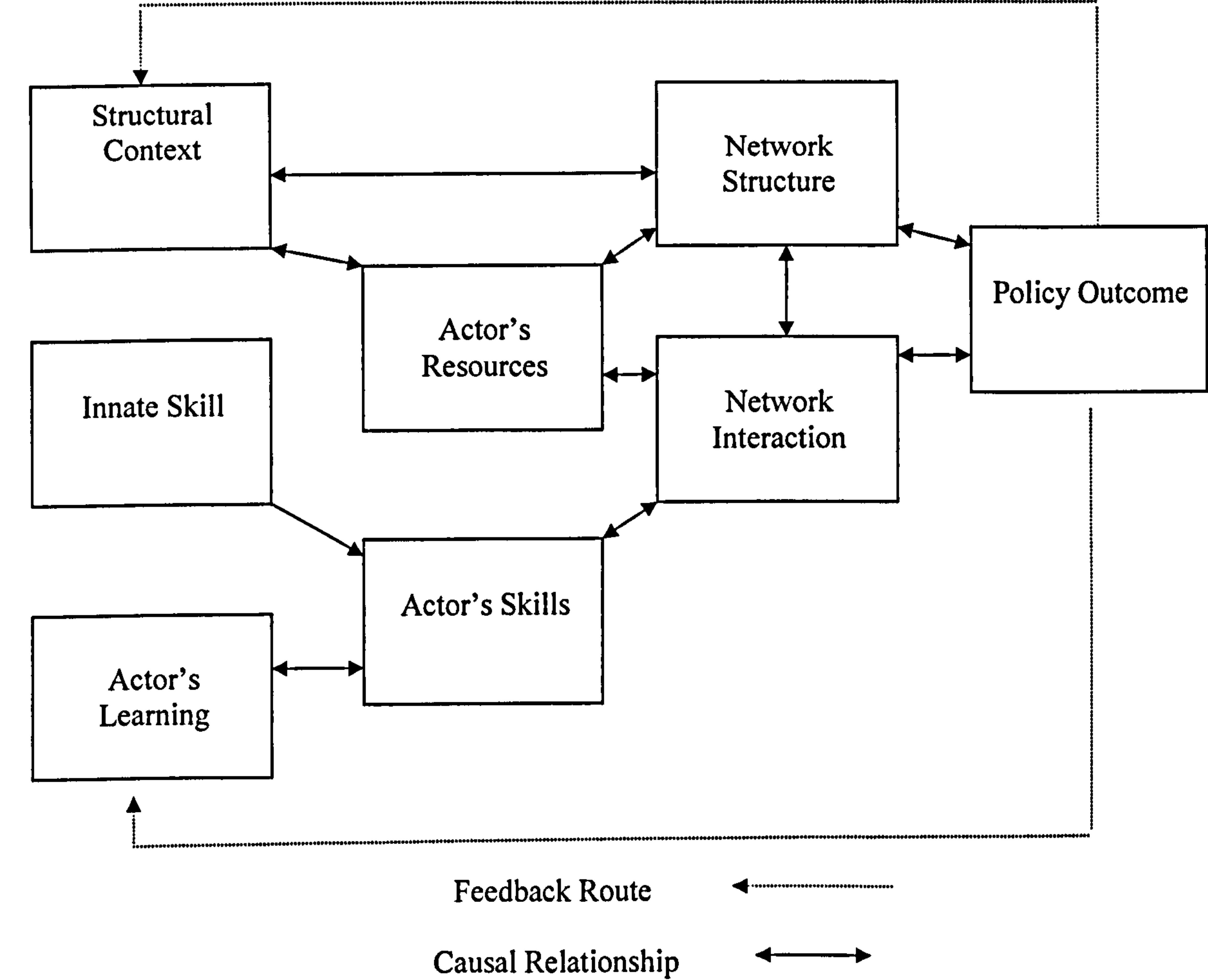
Evans' observation echoes the methodological basis of this work and the comments related to structuration: a situation where structure-agent aspects are considered together. As to the usefulness of Marsh and Smith's consideration of interrelationships and policy networks as a meso-level approach, Evans states: "Novel hypotheses may be extracted from the policy network approach which

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<sup>2</sup> The term 'dialectic' is adopted to mean "an interactive relationship between two variables in which each affects the other in a continuing iterative process" (Marsh and Smith 2000, p.5). This differs from the conflict model of thesis-antithesis-synthesis found in classical dialectical Marxism, in that the interaction is one of process, rather than necessary conflict.

must themselves be articulated in a systematic fashion and subject to empirical test” (Evans 2001, p.549).

**Figure Two: Policy Networks and Policy Outcomes (Marsh and Smith 2000, p.10)**



**Note to Figure Two**  
Marsh and Smith’s diagram demonstrates the interaction between three aspects of the policy network: the structure of the network and the agents operating within it; the network and the context within which it operates; and the network and policy outcome (2000, p.20). Every aspect of the policy process thereby links to each other through the network lattice. For example, an actor’s learning is informed by the policy outcome, which in turn is a result of the network structure and interaction within the network, which in turn is a reflection of actors’ resources and skills.

The field work in this dissertation is a meso-level analysis, using local authorities as the research site because most 'Best Value activity' takes place within the local authority boundary. For example services are delivered, residents are consulted, performance plans are produced and the four Cs and three Es are delivered. In other words, the best opportunity to assess a policy lies at the point of delivery where it is 'interpreted most'. It may be that auditors or new providers shape outcomes to a greater extent. If this is the case that eventuality should surface from research focused on the local authority arena surrounding Best Value. This reason is bound to related research: "A local authority represents a formidable force which has the intellectual resources to sabotage or, at least delay, those central government policies that lacked local government consent" (Seal 1999, p.324).

Within the Best Value and housing network the local authority sphere appears to be the most important single determinant of Best Value implementation, and the extent to which relationships change within it is an issue of importance.

What remains is a theoretically informed method which covers the useful aspects of the 'basket' of theories considered: the pluralist attention to agent action; structuralist notions of determinism; structuration's synergistic approach to the agency-structure divide; urban regime theory's structured viewpoint of urban outcomes; and network approaches defining the policy realm. The method must also be applicable to the research focus: public policy, change in relationships and processes, and policy implementation.

To this end, the 'bureau shaping' thesis advanced by Patrick Dunleavy is detailed in *Democracy, Bureaucracy and Public Choice* (1991) is of use. The fundamental premise of Dunleavy's thesis is that senior bureaucrats in public agencies do not, as public choice theorists predict, budget maximise and overstate the preferences of their organisation resulting in inefficient allocation of resources. Dunleavy's theory predicts that senior managers, rather than expand a bureaucracy, shape it to "small, elite staff organizations devoid of direct line responsibilities" (Dunleavy 1991, p.8). One reason for adopting Dunleavy's thesis, and the model he proposes, is because "although not yet subject to



rigorous testing, the bureau-shaping account seems strongly consistent with existing knowledge” (Dunleavy 1991, p.8). Specifically bureau shaping is relevant to this study in two ways: a theory to explain the behaviour of bureaucrats within a structural context; and an explanation of the way in which government policy can be interpreted. The introduction of Best Value is therefore an ideal opportunity to apply Dunleavy’s notion and gauge the extent to which ‘shaping’ takes place during Best Value.

The full explanation of Dunleavy’s reasoning is set out in Part Three. At this point an important aspect of bureau shaping requires explanation. Managers do not seek a particular organisation form at any cost. Certain aspects of inertia exist such as agency type, collective action tendencies and budgets affected. In overall terms managers will seek a ‘safe’ environment to enact strategies to achieve bureau shaping ends. It is argued that Best Value creates the space for such an environment to thrive in terms of tangible processual aspects outlined above (the 3 Es and the 4 Cs), and the less precise arena of political legitimacy. Dunleavy thereby explains agent action in a structured context, which is of methodological significance in this work.

Having clarified the theoretical emphasis and research focus the following chapter outlines the thesis plan.

# CHAPTER THREE

## Thesis Plan

This research started in January 1999, and the main interviews took place between March 2001 and February 2002. All detail contained within this thesis directly related to Best Value is information applicable to the period prior to February 2002.

The aim of the dissertation, to investigate the way in which relationships between local actors change and impact upon the implementation of Best Value, is addressed through a five part structure.

Part one, this part, serves to set the research topic, aims, focus, methodological characteristics, theoretical considerations, and the plan adopted.

Part two is a consideration of the changes likely to arise with the introduction of Best Value, and the link between these changes and the research focus. Chapter four draws on research undertaken during Compulsory Competitive Tendering to explain changes that took place immediately before Best Value. Chapter five explains the options open to local authorities as they work towards meeting the requirements of Best Value. Chapter six summarises the discussion and relates it to three issues: contest, interpretation and influence.

Part three is a theoretical consideration of implementation and Best Value. The shift in the role of the public sector is discussed in chapter seven. This change is explained alongside the development of an influential strand of theoretical development: public choice. Chapter eight sets out Dunleavy's theory of bureau shaping. Dunleavy states that managers will pursue certain strategies, under certain circumstances, to improve their occupational welfare. The *strategies* and the *circumstances* under which the strategies might be implemented are the key parts to test in a challenge to notions that bureaucrats 'empire build' intrinsic in public choice accounts. Chapter nine links the methodological, theoretical and

descriptive sections of the thesis to the field research. Examining the complexity of the 'housing network', intra-agency variables and recent research developments lead to the development of an approximate frame of analysis, and an explanation of the extent to which the choice of senior managers as the object of focus can be considered worthwhile. The chapter provides an account of the study logistics together with an explanation of the approach used in terms of meeting the thesis aims. The field study is based on interviews with 40 respondents. Chapter ten, 'From Theory to Practice', bridges the theoretical and descriptive sections to the field study.

Part four is a practical test of the policy and theoretical analysis that sought to explain how Best Value could be interpreted. It is an account of how Best Value *is* being interpreted by councillors, managers, front line workers and residents from two London boroughs, Westminster and Newham.

Chapter eleven sets the study in context with an explanation of the documentation published to accompany the Best Value initiative. This serves to contextualise the interview material and to consider, from the organisations' point of view, what activity will lead to what ends. This chapter also contains an analysis of the quantitative data compiled by the subject authorities during the field study period.

Chapters twelve, thirteen and fourteen set out the views of respondents on context, interpretation and appropriation of Best Value respectively. These chapters contain a consideration of what actors would like to see happen under Best Value, the extent to which they see Best Value as a part in achieving this, and whether they feel their role, or that of others, is significant in policy realisation. Chapter fifteen maps the responses between and within groups to establish what actors thought about the issues Best Value has to address, the efficacy of Best Value process, and what or who drove events under Best Value. An answer to the central research question is presented through an analysis of the data focusing on changes that have arisen, and the key forces of that change.



Part five is the thesis conclusion. The first section is the thesis review where the approach used, analyses, and the case research findings are summarised. The second section presents an answer to the research question drawn from the field study findings. The third section is an appraisal of the theoretical ideas used in this work, and final section sets out the limitations of the thesis and suggestions for future research.

The thesis closes with an epilogue. Several changes to Best Value were announced after the field research ended, and events such as inspections transpired. The epilogue summarises these changes in the context of the research.

## **PART TWO**

### **BEST VALUE PERSPECTIVES**

This part contains an analysis of Compulsory Competitive Tendering and Best Value. The aim is to identify specific themes to guide the empirical research.

Chapter four is an account of research carried out during Compulsory Competitive Tendering. The aim is to highlight the opinions of local actors during the regime, and present an overall view of the pre-Best Value climate.

Chapter five explains how Best Value could be interpreted. Three general themes are covered. The first explores the notion that ‘context matters’, in the sense that authorities which followed Compulsory Competitive Tendering with a certain determination are more likely to embrace aspects of Best Value. The second theme is a consideration of the ‘tools’ of Best Value, such as performance indicators and benchmarking, and the general approaches that could be used to achieve Best Value. The third theme is the place of residents in Best Value implementation. It is intended that residents play a part in deciding how Best Value is put into practice through the Tenants’ Participation Compact and general consultation requirements.

Chapter six summarises the discussion by relating the commentary about what Best Value is, the situation during Compulsory Competitive Tendering, and Best Value possible outcomes, to the focus on changing relationships.

# **CHAPTER FOUR**

## **Best Value Context**

The aim of this chapter is to examine the policy environment immediately prior to Best Value, during Compulsory Competitive Tendering. The objective is to consider the findings in the context of change following the introduction of Best Value.

At the outset it should be underlined that research into Compulsory Competitive Tendering in general, and housing in particular, is limited:

Studies which evaluate the effects of competitive tendering in local government are few in number, cover a limited range of services, and are methodologically flawed (Boyne 1998, p.695).

Due to the availability of data some of the sources used in this chapter refer to Compulsory Competitive Tendering implementation prior to the requirement to include housing functions. These general sources are used to underline organisation-wide views of Compulsory Competitive Tendering, and are supplemented by housing specific research within the text.



**4.1 Local Authorities and Compulsory Competitive Tendering**

General research not specifically linked to housing departments indicated that chief executives considered Compulsory Competitive Tendering had produced changes in process and culture throughout their organisations (Table One).

**Table One: Chief executives' views on the impact of compulsory competition on management (%)**

	Strongly agree/agree	Neither	Disagree/strongly disagree	Base
Responding to competition has changed management processes across the authority	93	4	4	(285)
Responding to competition has changed the culture of the authority	80	12	7	(285)

Source: Rao and Young 1995, p.37

In one authority an aspect of this cultural change involved the need for heightened awareness of cost considerations, and this was expressed by a Director of Housing:

People need to improve their awareness of finance throughout the housing department ... wages are by far the largest component of a housing department's outgoings and so are a prime target for reducing costs (Rao and Young 1995, p.22).

Concerning the costs of Compulsory Competitive Tendering implementation, managers commented:

The benefits were that we saved money and the services were no worse. Broadly it is the same service at less cost. We would never have done it without compulsion. It was done with a lot of pain and human cost (Rao and Young 1995, p.30).

'A tragedy for women' is how one manager described the results of compulsory competitive tendering (CCT) in local government. 'They have taken the brunt of government

legislation and it has hit the poorest paid from day one' (LRD 1995).

The latter comment reflects the findings of research into gender inequalities during Compulsory Competitive Tendering (EOC 2002). In general the impact of Compulsory Competitive Tendering on lower grade employees involved cutting staff numbers and removing contractual rights, rather than by reducing pay. A study of the impact of CCT on blue collar workers found:

... reductions in staff in 56% of cases, changes in hours in 51% of cases and changes in (or abolition of) bonus systems in 47% of cases, although basic wages were not generally reduced ... Casualisation of the workforce grew and overall staffing levels fell by about 12% (Wood 1999, p.8-9).

A similar pattern had emerged in housing departments. In Baldry and White's study they found that a "major emphasis was placed on worsening conditions of service, shortening tenure and a loss of privileges and flexibility (1997, p.10). Baldry and White's field work was in some cases obstructed by Chief Officers denying access to front line staff (1997, p.5) although from the data they were able to collect, their conclusion of staff perception was:

Many staff saw the drive for efficiency and cost cutting as a very flimsy cloak for wholesale privatisation and doubted that the provision of a social function in providing well managed housing at affordable rent could ever be fully cost effective. The loss of the social aspects of the service was causing a high level of concern with almost all the interviewees (1997, p.10).

The view that Compulsory Competitive Tendering had resulted in worse conditions for front line staff was confirmed in research eliciting the views of 256 chief executives, with the additional finding that "no clear adverse effects on staff morale" were apparent as a consequence (Rao and Young 1995, p.28). The conclusion drawn on morale is difficult to reconcile with the findings elsewhere relating the views of managers and staff of Compulsory Competitive Tendering.

Managers' roles changed within the terms of Compulsory Competitive Tendering which "redefined managerial responsibilities and provided a separation between those who provide managerial functions and those who represent the client



demand function” (Baldry and White 1997, p.1). Ingarfield considered the creation of a business plan under Compulsory Competitive Tendering as “an opportunity for managers to take a blank sheet approach”, and the plan was “essentially about senior management responding to CCT” (1996, pp.23-4). Ingarfield’s research indicated that the business plan was of senior management creation, and that it in turn provided “justification for managers to promote the kind of changes that will produce welfare gains for them” (1996, p.25). The creation of a business plan did not necessarily result in smooth implementation. Davis and Walker highlight the issue of trust, reported by a local government respondent, that arose between the client and contract departments:

‘The problems were based on fear on the client side that the specification was open to exploitation and that you could find costs increasing. The fear from the DSO was that control would be too tight and they wouldn’t make the rate of return. Both sides thought the other would “stitch them up”’ (1997, p.48)

Managers were therefore cast in a new role during Compulsory Competitive Tendering, and they reflected on this in two ways: a shift in organisation process and culture, and diminution of conditions for front line staff.

The involvement of councillors during Compulsory Competitive Tendering is illustrated in table two.

**Table Two: Members’ overall involvement in competition issues (%)**

	Closely involved/in direct control	Not very in involved	Not involved/ left to officers	N/A
Developing policy	43	39	17	2
Setting standards	47	42	10	1
Specifying contracts	15	45	39	1
Evaluating tender bids	26	39	33	2
Letting contracts	43	35	20	2
Monitoring contracts	14	48	37	2
Management of DSOs	38	34	25	3

Source: Rao and Young 1995, p.37



The contents of table two suggest that comparatively few councillors became involved in Compulsory Competitive Tendering processes. Particularly, monitoring and specifying contracts were not significant aspects of councillor involvement. Their involvement was greatest in matters of overall policy such as setting standards, developing policy and awarding contracts. That councillors are unlikely to become involved in the detail of policy implementation is reflected in Cole and Furbey's suggestion that:

... councillors' judgements about the localised housing service were coloured less by statistics than by the complaints and comments of tenants at surgeries about the response and helpfulness of front-line staff in dealing with their problems (1994, p.221).

Councillors' interpretation of Compulsory Competitive Tendering could be considered in the form of general support or opposition to a Conservative government initiative, implying that Conservative councils might support it, and others would oppose it. Carnaghan and Bracewell-Milnes point out that "It would be a mistake, however, to credit socialists with all the opposition to competitive tendering and contracting out" (1993, p.33) Many local politicians, they argue, "... take a pride in being ultimately in charge of large undertakings, and they see contracting out as taking away the power and control which they have hitherto enjoyed" (1993, p.32). It is not clear how, or if, councillors defended in-house provision because of the lack of indicated involvement in Compulsory Competitive Tendering. Jacobs' study of Hackney Council found that "There was little enthusiasm for openly criticising government, knowing that such protestations would jeopardise their [councillors] chances of increasing borrowing allocations" (1999, p.70). In addition to this point of powerlessness, the 'pride' in politically managing council housing is not obvious. Residualisation of council housing and an emphasis on owner occupation were reinforced during the 1979-97 Conservative government (Malpass and Murie 1999, p.104), and this could have led to an unfavourable view of stock in management. Council housing for politicians may have become a problem, and not an aspect of pride.

No specific studies have been published that reveal the feelings of residents towards Compulsory Competitive Tendering. Rao and Young's research aimed to consider the "knock-on effects" (1995, p.5) of Compulsory Competitive Tendering without any views from clients or client groups. Perceived views were extrapolated from other sources, broadly along the lines of a correlation between good services and resident satisfaction. Boyne researched the impact of Voluntary Competitive Tendering and Compulsory Competitive Tendering, and found overall that costs had gone down and services had at least been maintained: "Thus the empirical evidence appears to provide strong support for classical public choice hypotheses on the effect of competition on public services" (1998, p.703). However, he concludes that it is impossible to tell whether these effects arose because of Compulsory Competitive Tendering, and quality had become a statistic, rather than any proven reflection on what people wanted or what they got (1998, p.705).

The overall point here is that the financial costs of provision did decrease during Compulsory Competitive Tendering, and a crude illustration of this can be seen in the comparison of the 1996 to 1999 figures for housing revenue costs<sup>3</sup>. However, the key assumptions of a valid base figure for provision, and that one organisation will provide housing management in much the same way as any other, potentially undermine this 'audited' cost saving.

Another perspective of the effect of administrative structure is given by Harries and Vincent-Jones' study of three housing departments in the late 1990s. Their research revealed a positive correlation between resident input on contract decisions and satisfaction with services (2001, pp. 75-6). The existence of contracts provided the structure with which residents could engage: lines of accountability were clear, required standards were known, and roles were defined (2001, pp. 78-9)

While a formal contract environment could yield benefits, some resident representatives did point to possible adverse consequences of the Compulsory

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<sup>3</sup> England figures 1996/7 £12.028m; 1997/8 £11.8236m; 1998/9 £11.5789m (Wilcox 1998, p.159)



Competitive Tendering environment. Louis Julienne, then head of the Federation of Black Housing Organisations, considered the new 'entrepreneurial' approach to Tower Hamlets' methods of restricting access to their housing which, he maintained, denied homes to many non-white households (Black Housing November/January 1996/97, p.14). On introductory tenancies<sup>4</sup> Marianne Hood, a former director of the Tenants' Participation and Advisory Service, felt that certain groups who did not 'conform to type' "just don't bother to look for a council house" because of discrimination not only at the point of access, but also during management of the homes (Black Housing November/January 1996/97, p.14). Hood's rationale is that certain tenants may cost more to manage, so they will either be turned away or despatched from council housing with the help of this type of tenancy.

Aside from the difficulties in deciding whether tenants benefited from Compulsory Competitive Tendering or not, it would be difficult for an 'average' resident – that is, one not conversant with or aware of Compulsory Competitive Tendering - to form an opinion, given the complexity of the process involved: "Contracts for most services will stand several inches in height" (Davis and Walker 1997, p.48). Also, the method may not be of any importance:

Independent research has suggested that tenants are in fact less concerned with comparative statistics than with their own recent experience of treatment by housing staff, or the outcome of their last repairs request ... There is rarely a 'tenant view' on service quality (Cole and Furbey 1994, p.225).

It is therefore difficult to disentangle the interpretation of Compulsory Competitive Tendering from the many other factors that determine service provision – trained staff, levels of funding for services, and policies that prioritise effectively, for example. No firm conclusion can be drawn from the discussion here, although it does appear that the service tenants received from local authority providers was delivered by a despondent staff, and this is unlikely to have enhanced standards.

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<sup>4</sup> Introduced under the Housing Act 1996, introductory tenancies provide a form of probation for new tenants, whereby security of tenure is reduced pending one year's 'satisfactory' occupation.



## 4.2 Compulsory Competitive Tendering and Legacy

Three main points can be drawn from the discussion in this chapter.

The first is that a shift in the conditions of local government workers took place following the introduction of Compulsory Competitive Tendering. This was referred to by senior staff as a change in process and culture. Front line staff endured poorer conditions of employment, and in this context the advent of Best Value presented a hope of change:

Unions have welcomed the government's announcement that it is to replace compulsory competitive tendering (CCT) for local authority services with a new system to ensure "best value". They do so in the knowledge that in many cases CCT has had disastrous effects on the pay, hours and conditions of their members (LRD 1997).

Related to the experiences of employees, councillors and residents experienced change. For councillors Jacobs notes that:

Legislation has reduced the power of councillors to intervene effectively at an organisational level ... the future role of councillors is to establish links with different agencies, engage in policy networks and operate at the level of strategy rather than day-to-day management (1999, p.201).

Councillors might have been expected to have been involved in, or at least consulted on, the Compulsory Competitive Tendering process as part of their remit. Involvement in provision, such as repairs and caretaking, may have been displaced by greater involvement in broader strategic matters. In addition, services 'lost' to contract would give "elected members even less control over the services for which they are ultimately held responsible by their constituents" (Rao and Young 1995, p.35). These trends were reflected in Rao and Young's research (table two), although the inspecificity of the data limits its usefulness when assessing the changes councillors experienced.

Residents' experiences were obscured by a lack of research centred on their opinions of Compulsory Competitive Tendering. 'What matters' had been

inferred from measured service standards and a suggestion (Harries and Vincent-Jones' contribution excepted) that process was largely unimportant. Two problems arise with this approach. The first is that measured standards may lack sensitivity and range, and it is possible that this issue will continue with Best Value:

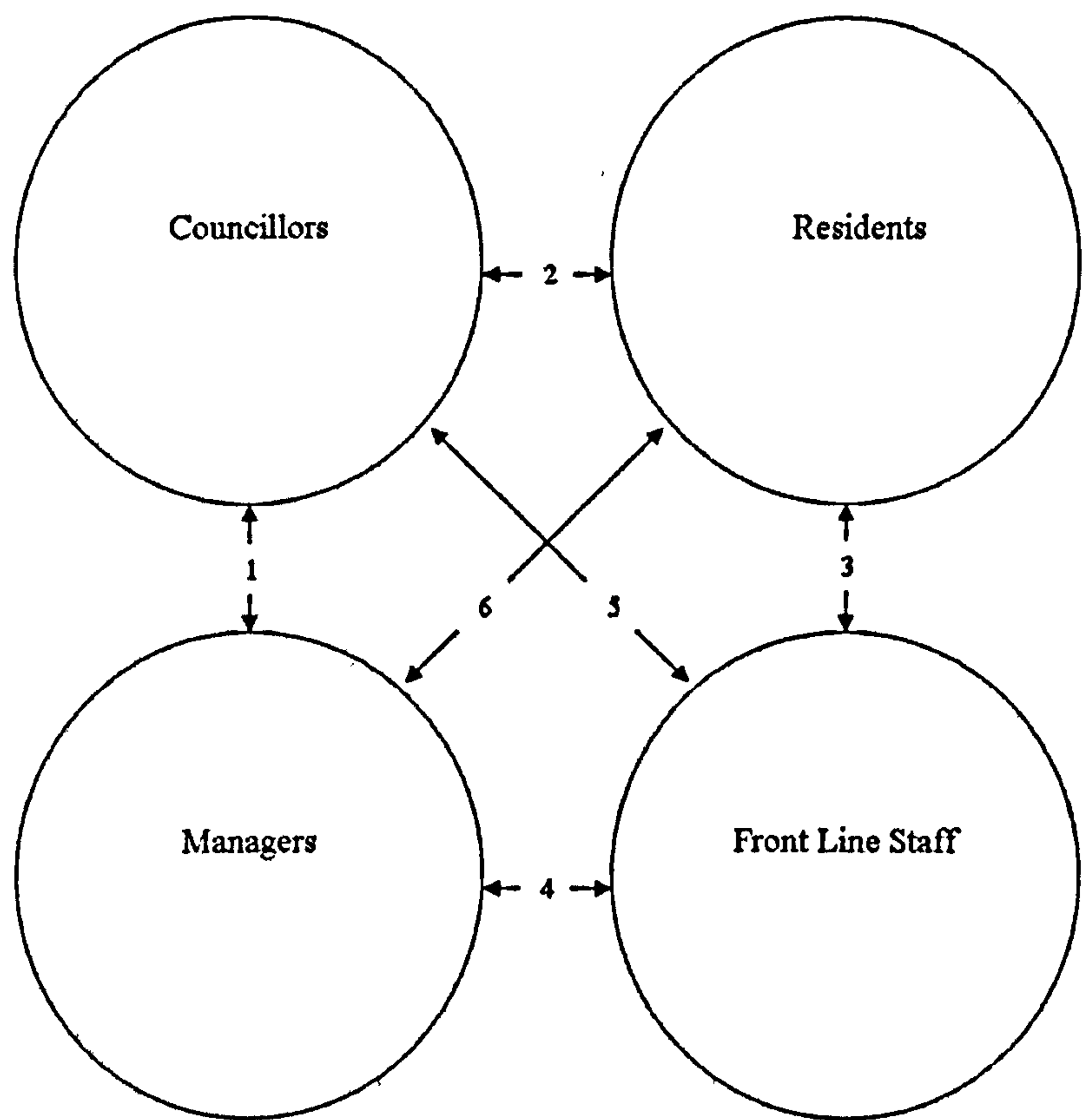
The problems of measuring improvement will, in practice, drive the regime towards an increasing focus on processes and procedures rather than outcomes, addressing what can be measured most easily rather than the actual improvements that matter most to service users and citizens (Davis and Martin 2002, p.67).

The second problem is the assumption that residents have little interest in who provides services and the manner of their selection. Harries and Vincent-Jones' (2001) research illustrates that this matter can be of prime importance. In addition, Baldry and White's (1997) research reveals the concerns of front line staff with non-local authority providers, partly on the basis of the loss of the 'social aspect' of provision. It is possible that the same issue is of importance to some residents.

This leads to the second point to have arisen in this chapter: the local negotiation of Compulsory Competitive Tendering implementation. A representation of the relationships is given in figure three. The six primary relationships are marked on the figure, although the combinations of a group lobby effect extends the permutational field of influence further. For example, research has highlighted the partnership of management and councillors during policy implementation, and the extent to which legal rigidities constrain change (Hambleton 1998). Also, productive relationships were more likely to arise if change was managed in a sympathetic and synergistic manner:

The key to co-operative and largely satisfactory new relationships has been the seamless manner in which the new contractual mechanism was incorporated within existing management and participatory structures (Harries and Vincent-Jones 2001, p.81).

**Figure Three: Actor Relationships**



The key observed primary relationship to have arisen during Compulsory Competitive Tendering was between front line staff and management. Baldry and White's study revealed that while management did in general support staff during change "it was not seen as being too productive in terms of boosting confidence or morale" (1997, p.9). Other relationships are more difficult to map. The implication may be that senior managers were the main force of change, yet little is known of the impact of councillors:

In accepting the point that 'the agenda for economic governance research is increasingly becoming descriptive', we would note also that such 'descriptions' tend towards stylized characterizations of local governance and urban politics which often smooth over the complexities and contradictions of political practice (Valler et al. 2000, p.425).



‘Political practice’ during Compulsory Competitive Tendering also involved residents as actors formally involved in the tendering process. Local Compulsory Competitive Tendering was clearly a product of negotiated settlement, yet it is not clear what role staff, front line workers, councillors and senior management had in the overall mediation. Vincent-Jones considers this local dynamic to be of importance when considering Best Value:

The new regime may be surprisingly like the old in the competitive behaviour it produces. The difference will lie in how competitive outcomes are encouraged (1999, p.288).

The final issue related to this point of relationships between actors concerns organisation culture. As noted in this chapter, managers considered the implementation of Compulsory Competitive Tendering as a cultural shift in their organisations. What actually arose was a change in behaviour and practice, and not necessarily culture:

For a culture to be operative within an organisation actors must, to some extent, adopt the values and beliefs of that culture: for a discourse to be operative however actors simply need to participate in it (Hogget 1994, in Ingarfield 1996, p.25).

It is not clear that the ‘values and beliefs’ of Compulsory Competitive Tendering, centred on financial management and competition, were unanimously supported throughout local authorities. Jacobs and Manzi (1999) examined the ‘performance culture’ developing in housing practice, and the use of performance indicators: their “privileged status in practice results in an oppositional culture whereby staff adopt strategies of resistance” (1999, p.1). To describe the introduction of Compulsory Competitive Tendering as initiating *cultural* change is therefore misleading on the evidence available.

The third point to have arisen is the general aspect of change in the domain in which strategic and operational (‘day-to-day’) decisions were taken. Political involvement appears to have shifted towards strategic decisions, with added potential participation of residents. Limited conclusions can be drawn on managers and front line staff. Front line staff endured considerable change to

their role, and it could be reasonably deduced that their influence over the strategic decisions concerning workloads was not of their making. Research summarised in this chapter suggests 'steering' by management, with Ingarfield's research pointing to a strong managerial influence, and a "recognition that policy decisions constitute a setting where different groups compete to establish a particular version of 'reality' in order to pursue their objectives" (Jacobs 1999, p.203).

This chapter has served to provide an overall setting into which Best Value was introduced, and concluded that three points arose during Compulsory Competitive Tendering: a shift in the roles of actors; a recast field of negotiating policy outcomes; and actors' involvement in strategic and operational decisions . It has also highlighted the lattice of relationships that accompanied the implementation of Compulsory Competitive Tendering (figure three, p.61). The issues raised are revisited in part three. In the interim the thesis turns to practical impact of Best Value, considered in the following chapter.

# **CHAPTER FIVE**

## **Interpretation Of Best Value**

An issue raised in part one is that there is scope for local authority discretion within a centrally defined Best Value process. It was considered that flexibility could be exercised by local authorities through the adoption of a number of approaches to, for example, local performance indicators and cost targets: the technical strategy of Best Value. Certain points were raised in chapter two that suggested how such a strategy might arise. These were based on the legacy and nature of Compulsory Competitive Tendering in terms of contracting arrangements in place and orientation towards competition for example, and – the focus of this dissertation – on relationships between, and the influence of, key actors.

This chapter sets out certain possible routes that local authorities may follow in their application of Best Value to their localities. The chapter is organised in three sections, each of which examines certain technical approaches to service delivery in accordance with Best Value: reconciling cost and effectiveness, possible approaches (in-house provision, stock transfer, Arms Length Management and the Private Finance Initiative), and consultation.

The aim of this chapter is to consider approaches to Best Value implementation in terms of the process and cost aspects of Best Value, routes to achieving both, and the matter of consultation with local residents. The objective is to begin to appraise the avenues available with a view to informing the field research.

### **5.1 Best Value Process**

#### **Effectiveness of Best Value**

The three Es – economy, efficiency and effectiveness – receive little mention in the Government's Best Value in housing guidance, yet the phrase is used to



define Best Value in law, and is a major point of discussion in the Audit Commission's literature. There has been, therefore, little direct political engagement with this aspect of Best Value process beyond Best Value 'principle two':

Achieving Best Value is not just about economy and efficiency, but also about effectiveness and the quality of local services – the setting of targets and performance against these should therefore underpin the new regime. (DETR 1998a, s.2.1)

The notion of 'and effectiveness' is of particular interest when examining the Best Value process in detail. Effectiveness is, in Best Value terms defined by the Audit Commission, "assessing whether the service is actually achieving what it set out to do" (Audit Commission 2000, p.9). Effectiveness is a matter related to an outcome – the satisfaction of the end user with a process – and not an output. The problem here is that all except one of the national performance indicators are linked to outputs, such as costs of management, time for repairs and number of voids. This form of measurement would be less of a problem if combined with local qualitative indicators that gauged local satisfaction. Peter Chowney, a former manager of the Audit Commission's performance indicator team, commented:

... the use of local performance indicators has not become as widespread as some might have expected. Most councils still have little more than a smattering of them ... more councils (are) setting up systems to measure the achievement of local objectives (but) for most authorities, the BVPIs still form the bulk of their performance indicator set and will do so for some years to come. And the BVPIs, of course, will be the principal means of making national or regional comparisons (2000, pp.25-6).

Why this should be so and whether these general comments about Best Value performance indicators apply to housing services, are not clear. Any of a number of reasons could be offered – cost, need, suitability, reliability, validity or, possibly, concealment. Which indicators are chosen, why and by who is a point of importance when trying to understand how Best Value is operating in practice.

## **Costs and Best Value**

Key indicators for cost reduction in the 2001/2 national indicators was based on two indicators – the average weekly costs per local authority dwelling of management, and repairs. The remaining indicators relating to costs concern savings (or income increases) – for example rent collection and void times. However, local authorities must decide where, and if, cost savings are to be made and this is based on one of two criteria set out for the performance indicators: local targets or national upper-quartile targets.

Only one housing national housing indicator is listed as top quartile - average relet times for local authority dwellings let in the financial year. The remaining eleven indicators require a locally set statistic, and a number of options are available to determine what the cost reduction target will be.

What this means in terms of (say) a percentage change in costs is difficult to determine. Councils have five points of reference – self, national and local comparison, two per cent each year (the ‘global’ target set by government), or some kind of independently derived formula. This latter figure could be the result of tenant consultation, a combination of the other four points of reference, or a reflection of disproportionate costs in a particular service area, for example. In theory it would seem that areas targeted for cuts are inefficient, that is, their performance can at least be sustained with a reduction in costs.

There is no specific guidance on cost reduction beyond the requirement that local authorities aim to reduce their expenditure by two per cent across all functions (DETR 1999b). This gives a number of openings for housing expenditure, in that it could increase, remain the same or decrease depending on the local case made. The possibility of static or increased expenditure is tempered by the requirement that every service should be exposed to the cost reduction equation, so at least at the outset the main aim will be to decrease costs of provision for individual services.



In broad terms, a local authority has three approaches to cost reduction – decrease in-house costs, transfer services and/or stock to other less expensive providers, or consider an alternative solution, including Arms Length Management and the Private Finance Initiative. These options are explored below.

## **5.2 Costs, Effectiveness and Best Value: Possible Effects**

This section sets out the key broad strategies that local authorities can consider under Best Value: in-house cost reduction, stock transfer and Arms Length Management.

### **In-house Cost Reduction**

A number of methods are available to reduce the costs of council provided services – economies of scale, staff and/or salary cuts, use of information technology, service restriction and centralisation, for example. Most local authorities will be familiar with these and other methods of reducing costs from their experience with the Compulsory Competitive Tendering regime. There are three key differences between the approach taken to in-house provision under Compulsory Competitive Tendering, and Best Value.

The first is the adherence to a rigorous performance and monitoring regime which ensures that cost is not a sole consideration.

Secondly the ‘competition’ requirement has been relaxed by the new requirement to consider ‘fair and open competition’ (DETR 2000, paras. 6.25-6.26). This has been taken to mean by some observers that local authority staff conditions will be protected to a greater extent than under Compulsory Competitive Tendering (Boyne 1999, p.7; Geddes and Martin 2000, p. 382). This, on the one hand, protects services from exposure to private providers that might ensure their cost advantage through the use of low pay and poor conditions. It may also preclude the consideration of alternative providers who offer quality services at a lower cost through more efficient methods, for example. The notion of ‘fair’



competition may therefore reinforce the legitimacy of in-house services. It remains the case, however, that piecemeal service outsourcing is an aspect of Best Value that could characterise council owned housing portfolios.

Thirdly while Best Value has at its core a quality/performance element to cost considerations, it is also underpinned by a need to observe the four Cs. In addition to competition the method of reducing costs will also need to accommodate the practices of other providers, particularly those with low costs (compare), take in the views of tenants, non-council residents and local businesses (consult), and involve a critical appreciation of the past and current systems of delivery (challenge).

Continued in-house provision would also need to take stock of the deteriorating physical condition of council housing. The issue of building conditions, a capital matter not necessarily related to the revenue-oriented basis of Best Value and services, would be addressed by a Major Repairs Allowance (MRA) available from April 2000, providing extra funding for major building works. The available finance would most likely be spent on capital projects partly because extra spending on day-to-day repairs would be reflected in the Best Value indicators, and partly because the Major Repairs Allowance simply replaced credit approvals, previously available for capital projects (CIH 2002). However, this did not remove all uncertainty for councils. John Perry, policy director at the Chartered Institute of Housing, commented:

I don't know of any authority who has said that they can (hold on to their stock) yet. I don't know if there are any who believe that they will, although there are some that might, if the amount they get from the MRA combines sufficiently with capital expenditure. It's too soon to see whether this will be borne out (*Housing Today*, 2<sup>nd</sup> November 2000).

The Major Repairs Allowance, therefore, provided some hope of managing stock of a reasonable standard. However, an important point to be highlighted is that the Major Repairs Allowance is an example of 'resource accounting and budgeting' designed to "promote more efficient use of housing assets" (DETR 2000c, p.6). This method of accounting involves the consideration of future

returns and liabilities of an asset through “measurable output targets” (DETR 2000c, p.9). This requires the consideration of future income and cost flows and investment opportunities as a basis for current decisions on the future of the asset. The issue of importance is how ‘returns’ are estimated, in the sense that the housing stock of the future can be viewed in terms of a financial liability or a social asset, or both. Some difficulty may be encountered when trying to reconcile financial costs with social benefits, which *could* skew decisions about the future of an authority’s housing stock.

An additional pressure was added in July 2000, shortly after the enactment of Best Value, with the introduction of the ‘Decent Homes Standard’: “to bring all social housing up to a decent standard by 2010”. The decency standard covers statutory minimum standards, thermal comfort, state of repair and modern facilities and services (DETR 2000d).

The wide range of pressures to reduce costs and sustain an in-house system of delivery presents a formidable test of an authority’s ability to work out *how* this can be done. In addition, following from the strong ideological message of opposition to externalisation of housing management services from Compulsory Competitive Tendering, is the question of *why* council housing services should be provided by anybody other than the local authority. These are the important points of focus. If an authority is producing Best Value outcomes and sustaining in-house delivery, how is this being done?

The discussion now moves to the consideration of other approaches open in the search for a service that delivers Best Value.

### **Stock Transfer**

Almost half a million homes had been transferred to non-local authority landlords over a sixteen year period. 252,233 homes transferred between 1985 and 1997, and 238,654 between 1998 and 2001 (ODPM 2002). The trend is illustrated in figure four. This rapid growth in transfers had not originally been part of Labour’s mandate:



When the Conservatives proposed transferring one million homes in 10 years, Raynsford, in opposition, dismissed the idea as “the last desperate convulsion of a dying government.” But Raynsford is now proposing to transfer a million in half that time - five years - or 200,000 homes a year (*Housing Today*, 6<sup>th</sup> April 2000).

Despite some initial criticism of the notion of transfer, it is clear that the programme is accelerating under Labour.

Arguments can be made for local authorities considering stock transfer in the context of Best Value. Requirements based on quality can be ‘contracted in’ to the conditions of transfer, and include standards and targets that meet or exceed those currently provided or projected. The main arguments, however, hinge on cost and resolving with a degree of certainty doubts about the Major Repairs Allowance and the prospects of continuous improvements with in-house provision. Under current legislation if the option of transfer is prepared and tabled, it will be tenants who decide whether to accept a new landlord through a formal ballot. Significantly, of course, as a Best Value option such *proposals* must only arise with the agreement of tenants.

In suggesting that asset transfer can be considered a product of Best Value, it is useful to see what the implications are for landlord and resident. The local authority will still have to provide Best Value in housing, although this role will shift from accountability for delivery to a duty to:

... retain important strategic and enabling responsibilities in relation to housing as well as responsibility towards prospective tenants in prioritising need for housing and they will be subject to the duty to achieve Best Value in their housing functions and also subject to inspection by the Housing Inspectorate (DETR 2000, para.6.75).

The authority’s ‘housing functions’ will, from the moment of transfer, be limited to general and strategic matters, rather than meeting physical housing and tenancy-related matters. Residents may profit from a choice of landlord, with associated benefits – rent guarantees, development works and more participation in decision making. However, some opposition has surfaced. Several local and

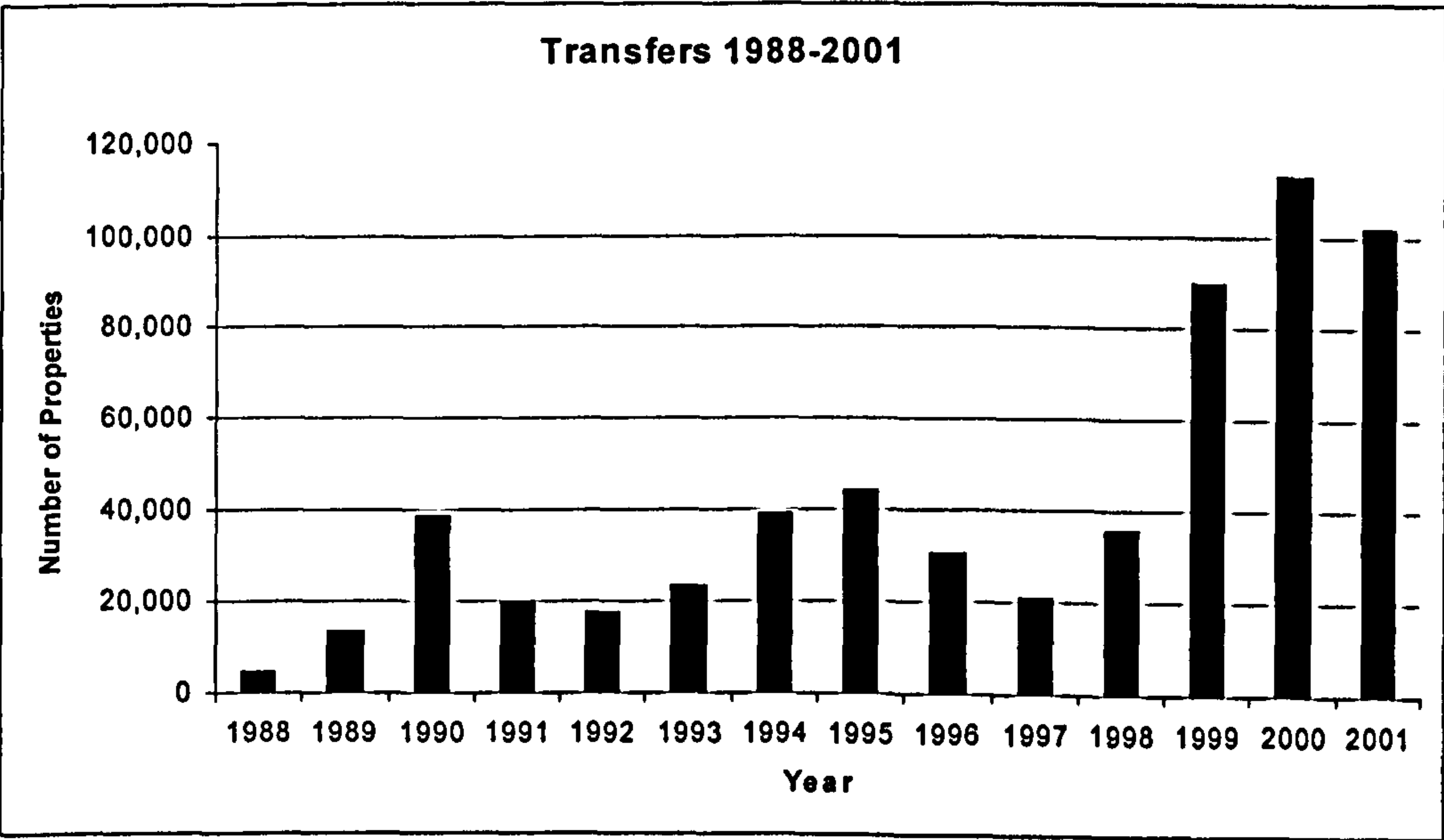


national lobby organisations have formed to oppose stock transfer, one of which states in its campaign literature:

[stock transfer] reduces accountability, leads to increased rents, more public money being siphoned off into consultant and management fees, telephone number salaries and profits for the, so called, 'partners' and is 'Bad Value' ... In its desperation to pursue privatisation the government is now bribing councils with a budget of £12 billion to write off capital debts if they agree to transfer homes (Defend Council Housing 2002).

The issue at this moment is whether stock transfer is *likely* to deliver Best Value or 'bad value', and this again centres on questions relating to 'for whom' and 'why'.

**Figure Four: English Local Authority Housing Transfers, 1988-2001**



Source: Calculated from Government Data (ODPM 2002)

If local authorities do not choose existing methods of provision or partial or whole transfer of their stock to reduce their costs, further options are available. The key alternatives to have arisen since the implementation of Best Value have

been Arms Length Management (ALM) and the Private Finance Initiative (PFI), and are discussed below.

### **Arms Length Management**

Arms Length Management involves the transfer of management responsibility to a local authority created company, and the housing remains in local government ownership. That company will be able to borrow from private sources (that is, outside the Public Sector Borrowing Requirement), with the capacity to borrow enhanced by increased revenue of £500 per dwelling per year for two years (DETR 2001, para.5.1). The Government required the fulfilment of two criteria before a local authority can compete for Arms Length Management resources – the separation of strategic and operational matters by legal deed, and an ‘excellent’ service rating which is ‘likely to improve’ or ‘will improve’ (DETR 2001, paras.5.3-5.4). No authorities met these criteria at February 2002, and the requirement for an ‘excellent’ service was relaxed to ‘good’ for 2002/3, although in this case only 50 per cent of the resource allocation would be made available (DETR 2001, para.5.6).

Three reasons can be given for a move to Arms Length Management Organisations.

Firstly, the separation of strategic and operational functions is cited as a distinct advantage by government (DETR 2001, para.1.2, emphasis original):

Ministers recognise that there are strategic housing functions which are clearly appropriate to a multi-functional body with direct democratic accountability to the community which it serves. But the housing management function is different, and can be carried out by a separate body. Close links between the strategic and management roles are essential, but the benefits of separation include:

- a clear focus on the management role as a result of an organisational framework for housing management which is distinct from that required to deliver an authority’s strategic functions;
- the involvement of a more diverse range of people (including tenants) in decision making,

- helping to encourage innovative *and radical* thinking;
- a more business-like and modern management of the stock, concentrating on delivering high-quality services which represent value for money and meet the aspirations of tenants.

It is clear from this extract that the Government supports this split because positive results will flow from it such as ‘radical thought’, ‘clear focus’, ‘modern management’ and ‘diverse involvement’.

Secondly the additional finance available directly associated with Arms Length Management would contribute towards the ‘renovation’ BVPI (Appendix B), and help ensure that stock in need of redevelopment received attention. It is also possible that private sector funds could contribute to resolving long-standing issues of repair and maintenance.

Thirdly, direct user engagement is a requirement. Arms Length Management organisations should have elected tenants on the board of directors, along with other interested and qualified people (DETR 2001, para.2.5). The guidance does require that constitutional matters can only be changed with council acquiescence and this serves to emphasise, in plain terms, that the council sets the overall terms of reference and the Arms Length Management Organisation is free to work within them. While the requirement exists for formal tenant representation within an Arms Length Management Organisation, there is no requirement for a ballot of tenants in order to form it – “[local authorities] will be expected to give details of the steps they have taken to consult tenants and of the response they have received” (DETR 2001, para.2.12).

It is not immediately clear why a strategic/operational split and enhanced tenant participation could not arise in any case, had the authority retained management functions, particularly in view of the fact that they would have to be a ‘good/excellent’ provider to be considered for Arms Length Management. The answer to this is likely to lie within the ‘prospects for improvement’ side of the equation, in that a council would make the case that Best Value ‘headway’ was only possible through just such an arrangement. It is, therefore, difficult to state with certainty that the choice of Arms Length Management is cost-oriented,



although it is safe to assume that its popularity would be undermined without the financial advantages presented by the injection of private and public funding highlighted in reason two.

### **Private Finance Initiative**

The Private Finance Initiative was launched in 1992 and presented to local authorities as an opportunity to transfer risks inherent in service provision, obtain finance not otherwise available, and benefit from private sector acumen. The Private Finance Initiative is described as “an alternative to stock transfer, through which private finance can be used to improve the condition and management of local authority homes” (DETR 2000d, s.7.42).

Those in favour point to the cost savings possible through the Private Finance Initiative. North East Derbyshire found 40 per cent savings and a fifteen pounds per week rent saving on a Private Finance Initiative led scheme (*Housing Today* 3<sup>rd</sup> September 98), and their housing manager commented that the Council’s experience “has all the benefits of stock transfer, without actually having to transfer the homes themselves.” (*Housing Today*, 15<sup>th</sup> April 1999).

Those against point to the lack of openness and the possible impact on certain sections of workers:

One of our chief objections is the lack of openness in the PFI process and the failure of local authorities to inform and involve trade unions and the workforce of their intention to initiate a PFI project. We are also extremely concerned at the possible impact on jobs. Most of those affected by PFI projects are women in cleaning, catering and support work who have already suffered badly under CCT (UNISON 1998).

Research has indicated that the larger companies are more likely to win Private Finance Initiative contracts despite the lack of appropriate skills, high participation costs, high project values, high risk, lack of credibility and contacts, and demands on management time of smaller and medium sized companies (Ezulike *et al*, 1997).

Finally, there are those who believe that there is a place for Private Finance Initiative, although it should not be considered a panacea. Peter Fanning, chief executive of the Four Ps<sup>5</sup> commented in *Housing Today*, “It is just another tool which has a specific purpose and it is yet to be demonstrated whether it can be applied generally” (3<sup>rd</sup> September 1998).

This chapter now turns to the final C, consultation, and the matter of resident influence.

### 5.3 Consultation and Influence

The arrangements for resident inclusion under Best Value include a written agreement relating to services and involvement: the Tenant Participation Compact. The guidance documents emphasise resident ‘influence’ and ‘control’ in matters of decision making, discussed in chapter one.

Some concern has been expressed relating to the prominence of the tenants’ voice under Best Value, and quite whose voice is being referred to. Higgins notes that such involvement is supposed to be “the control of the *expert* by the *amateur* representing his fellow citizens” (2000, pp.11-12, emphasis original). The capacity to achieve such a ‘one voice’ approach is problematic, Higgins suggests, given that:

... a range of interest groups within local government will have their own definitions of ‘quality’ and views about how public services should be provided in the public interest. It leaves one to wonder whose best value is being progressed by Best Value? (2000, p.12)

For housing departments the range can be pronounced. Within the local authority many housing functions are headed by different sections – for example lettings, management, repairs, advice and rents. Each section could have different views on, say, letting empty properties – who they should be let to, the standard of preparation and tenancy advice for example. Residents are a diverse group, and

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<sup>5</sup> The Public Private Partnership Programme, a local government consultancy company.



‘who they are’ can affect ‘what they want’ – leaseholders and tenants, satisfactorily and poorly housed, pro- and anti-transfer (and transferred), and the multitude of interests and needs reflected by gender, age and ethnicity for example. These are crude and broad categories, and are mentioned simply to highlight a potential conflict *within* the compact and local authority organisation structure, in addition to problems that may arise between the residents and competing voices.

Others have drawn attention to the difficulty in legislating for inclusion of this kind:

The special problem of post-bureaucratic organisation is to enlist participation, to encourage initiative and responsibility, to create cooperative systems tapping the contributions of multiple constituents . . . authority must be open and participatory: consultation is encouraged; reasons for decisions are explained; criticism is welcome; consent is taken as a test of rationality (Nonet and Selznick 1978, in Vincent-Jones 1999, p.284).

The difficulty lies in the need for a ‘form of culture’ for organisations moving from a ‘traditional’ bureaucracy to an accountable and open system of administration. The extent to which this reorientation is achieved, or indeed requires achieving, is an important aspect of Best Value implementation: where authority to enact change is accountable and legitimate.

#### **5.4 Summary: Providing Best Value**

The focus in this chapter has been the use and creation of performance indicators, broad service options available to achieving the Best Value cost-quality equation and resident influence in determining housing management services. The focus was chosen with the aim of approximating how Best Value might be measured, enacted and determined.

This chapter has served to illustrate that a variety of approaches can be considered in the bid to reduce costs. This is, however, only one element of Best Value. Councils have to consider how they will deliver a quality service and take



on board the views of tenants and residents. Certain arguments set out within the 'cost options' above can be made for quality results. Additionally, the four Cs provide a 'check' for service provision and performance.

However, in considering choices it is apparent that certain routes, particularly those that attract additional funding such as Arms Length Management, could prove attractive in a bid to achieve Best Value. As discussed, each of these options carry a level of uncertainty and controversy. At the time of this research local authorities are at an important crossroads where the route to Best Value must be assured, combined with wider considerations concerning the future management and ownership of stock. Local choices will have to be made. The extent to which local actors, and particularly residents, are involved in that choice is a crucial aspect of this research.

## CHAPTER SIX

### From Compulsory Competitive Tendering to Best Value

This part has served to illustrate the Compulsory Competitive Tendering environment and the range of options open to local authorities during the implementation of Best Value. To address the point of how councils are likely to implement Best Value, three issues are highlighted below.

The first is that Best Value implementation could be a product of past patterns of service delivery. Chapter four examined events prior to Best Value from the perspectives of local groups involved in the Compulsory Competitive Tendering process. Certain patterns had, it seemed, been established. Councillors' and managers' involvement in local matters had shifted to become more strategic, front line staff had endured worse conditions of employment, and residents were given the opportunity to become involved in service changes. Local outcomes were the product of a mediated settlement around the issues of Compulsory Competitive Tendering. The discussion of Best Value in chapter one involved a consideration of issues such as competition, performance measurement, approaches to inspection and consultation. It is possible that those authorities most aligned to Compulsory Competitive Tendering might actively pursue a route of competition, high performance achievement, 'robust' engagement with audit and inspection and minimal consultation. With the exception of consultation, which itself may be problematic, and negotiating the requirements of a Best Value outcome, these 'modes' are consistent with Best Value. This suggests a *particular* interpretation by certain authorities. Conversely authorities engaged with inclusive decision making processes, locally sensitive and qualitative methods of measurement, and an ideological commitment to public ownership would also be compatible with Best Value. In either case past patterns of delivery should be significant, and here it is salient to ask: 'How is current implementation dependent on past practice and circumstance?'.

The second issue relates to outcomes under Best Value. It was established in chapter one, albeit with some qualification, that costs should decrease under Best Value. Simultaneously outcomes should improve in line with local expectations. Chapter five contained an explanation of difficulties that might arise in reconciling national Best Value Performance Indicators and local measures of performance to produce the rounded picture of outcome defined in chapter one. The complexity here is compounded by the variety of methods that might arise to deliver Best Value. It appears likely that a change in the mode of provision will arise, whether in-house, or partially or fully externalised. Factors shaping the choice include local influence, and while no hard conclusions could be drawn it is appropriate to surmise that resident influence in the implementation of Best Value will be a significant factor. This leads to a need to understand whether Best Value implementation meets the requirements of residents and those charged with organising services. In other words: 'To what extent is the implementation of Best Value in line with the expectations of those associated with Best Value processes?'.

The third issue rests with the matter of local influence and policy determination. Given certain policy expectations there is clearly, within Best Value, concern that wishes of residents might be undermined. Evidence here includes the Tenant Participation Compact and a conscious shift from the passive role experienced under Compulsory Competitive Tendering, to an active place of influence. The extent to which resident influence can and will be achieved was discussed in chapter three, where it was underlined that, at the very least, residents would face competition in the realisation of influence. It is therefore logical to ask: 'Is any group or individual associated with Best Value processes able to influence implementation?'.

The line of reasoning at this point is that the ways in which councils will implement Best Value will be a combination of context, expectation and influence. These assertions are tested in two ways. The first is in the part that follows with a review of theoretical work, and the second is in part four, with two field studies.



# **PART THREE**

## **THEORY AND METHOD**

### **Introduction**

Part two closed with three questions relating to context, policy expectations and influence. This part of the dissertation explains how these questions can be placed in the context of field-based research examining shifting relationships following the introduction of a new policy.

The characteristics of Best Value in general, and when compared to Compulsory Competitive Tendering, have been discussed in parts one and two. Chapter five opens with a description of the broad political change in British society over the last 25 years. Alongside this change a public choice theory critique of public sector bureaucracy is considered. This theory highlights certain largely negative aspects of local authority service provision centred on the rationality of employees.

Chapter six presents a counter to the ideas of public choice theory through the consideration of Patrick Dunleavy's account of bureau shaping: in essence the 'utility gains' that public choice advocates feel that bureaucrats derive from large and well-funded organisations are misplaced. The chapter is summarised with an account of how Dunleavy's ideas relate to Best Value.

Chapter seven is an explanation of how Dunleavy's ideas can be used to explain changes in relationships under Best Value. The main premise of bureau shaping is that managers will, when conditions allow, enact strategies to achieve a certain type of organisation. The strategies identified by Dunleavy involve renegotiating the connections managers have with other individuals, groups and organisations. These links are presented in two ways: the primary links between groups within a local authority; and the broader organisational links local authorities are likely to encounter under Best Value.

Chapter eight sets out the field research approach in light of the discussion in the preceding chapters of this part. Two London boroughs are identified as sites for the research. The field research focuses on the views of the main actors within the local authorities: managers, residents, front line workers and politicians. Relatively open questions are presented relating to the experiences of Compulsory Competitive Tendering, interpretations of Best Value, and influences apparent during implementation of Best Value.

Overall, this part provides a theorised exposition of method to test the notion that relationships will shift during Best Value.

# CHAPTER SEVEN

## Theoretical Context

### 7.1 Political Programmes and Modernisation

In the mid-1970s the political culture epitomised by “organized and institutionalized welfare” (Offe 1984, p.211) in Western Europe faced reappraisal. This situation has been described by Habermas (1976) as a ‘legitimation crisis’; by O’Connor (1973) as a ‘fiscal crisis’; by Offe (1984) as a ‘democratic dilemma’; as post-Fordist (Giddens 1990, Jessop 1993); as neo-Schumpeterian (Freeman and Perez 1988); and in Gramscian terms, changes to the ‘hegemony armoured by coercion’ (Jessop 2000, p.3). Each theoretical account can be related to a change in the role of the state where:

... the new discursive reality traversing the state can be described as a pervasive ‘managerialisation’ discourse, which aims to make marketisation the driving force of an enterprising and competitively successful public sector (Deakin 1998, p.19).

In the United Kingdom this transition coincided with the election of the Conservative Government in 1979, which introduced policies to diversify provision at a local and national<sup>6</sup> level. The general trend in government activity was a move towards an emphasis on local governance: “a new style of service delivery based on complex relationships, coalitions and networks spanning the public, private and voluntary sectors” (Malpass and Mullins 2001, p.7). The financial capacity of local government was curtailed in the overall drive to reduce public expenditure, with legislation providing restrictions on capital and revenue expenditure. In addition local authorities were subject to conduct-related guidelines established by the Nolan Committee (1994).

In housing, the main elements of the Conservative programme moved through five phases: privatisation and home ownership; consolidation of the home

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<sup>6</sup> A reference to private sector involvement in the provision of utilities (gas, water, electricity), telecommunications, transport, finance, manufacturing and fuel initiated by Conservative policies; see Whitfield 2001, pp.19-36.



ownership initiatives and deregulation of the home-buying services; a commitment to revive the private rented sector; house price recession in the late 1980s; and a further and final statement of commitment to home ownership, private renting revival, and transfer of council home ownership to tenants or new landlords (Malpass and Murie 1999, pp.80-88).

These phases marked a twofold drive to change the nature of local authorities: to establish their role as an enabler, rather than provider, of services; and to introduce other organisations to the local service marketplace. A key element, therefore, of public sector reform for the Conservative administration involved separating the strategic arm of local government from the direct provision of services.

The impact of Compulsory Competitive Tendering was discussed earlier (chapter four), where three features of the policy applied to housing were identified: the delineation of local strategic control and provision (the 'client-contractor split'); the failure to engage widespread market provision; and a cause of local authority self-examination about the services they provided.

This attempt to enforce Compulsory Competitive Tendering, itself designed to meet the needs of the new policy environment, served as a period of learning for central government.

The Tenants' Charter, spawned from John Major's Citizens' Charter and later joined by the Right to Manage, while little more than an explanation of existing rights, indicated moves to 'democratise' service provision through the requirement to involve residents in the choice of tenderer. This was, however, too late as the Labour Party came to power with a commitment to replace Compulsory Competitive Tendering with Best Value. In October 1996, eight months before the general election, the Labour Party had invited local authorities to test their plans for their proposed successor to Compulsory Competitive Tendering. The replacement method of regulation would keep the competition aspect of Compulsory Competitive Tendering, although local authorities would "not be automatically forced to tender" their services (Inside Housing, 25<sup>th</sup>

October 1996, p.1). The Local Government Information Unit, commenting before the 1997 election, expressed cautious optimism:

Indications are being received that new legislation will not be prescriptive but will place the onus on local authorities to demonstrate that their services are responding to local needs and aspirations, and that in doing so they are achieving best value for local service users. If that is the case, then the LGIU will welcome it (LGIU 1997, p.1).

Both political parties had decided to liberalise the rigid approach to local service provision. For the new Labour Government their policy direction became aligned to Giddens' notion of a 'Third Way':

Labour's public philosophy at the century's end was expressed in terms of a 'third way' – a synthesis of ideas employing market and state solutions and a rejection of the paradigms of both free-market individualism and collectivism (Peele 1999, p.80).

Giddens underlined the intransigence of the 'old left' by stating that the Third Way is not about "letting markets rip", but "the rebirth of social democracy ... one that is unafraid to shed old leftist dogmas and prejudices" (Giddens 2000, p.45). While some observers read Labour's interpretation as a move towards private delivery of public services (Whitfield 2001, pp.142-3), the Party presented matters of delivery with ambivalence stating that, simply, "what matters is what works" (DETR 1998, s.2.1).

Best Value, the practical framework for this ideological direction, retained the Conservative's concerns with developing the strategic capacity of local government and the requirement for efficient delivery of services. For accountability the general requirement to 'consult locally' applied to all local authority services, with council housing residents acquiring the additional provisions of the Tenant Participation Compact.

While the aim of Best Value is to ensure consensual continuous service improvement it is not immediately clear how this will be achieved. Certainly, there are performance indicators, inspections, audits and so forth. Fundamentally Best Value involves reducing costs and improving quality of service provision:



the 'outcome'; with the mechanisms set out within the legislation and guidance: the 'process' (Boyne 2000, p.7). The problem is trying to deduce what this means in operational terms. At first sight improved services might be expected to be more expensive to deliver. There is an assumption within Best Value that there is no contradiction in the reduced cost - increased quality equation:

The BV regime cannot be described or understood adequately in terms of simple dichotomies. There is for example no simple choice to be made between cost reduction and service improvement. Best Value authorities are required to do both (Geddes and Martin 2000, p.382).

Geddes and Martin's remark highlights the notion that simultaneous cost reduction and service improvement is not a paradox within Best Value. It could be that Best Value is an example of the overall New Labour discourse "which draws attention to assumed incompatibilities, and denies them" (Fairclough 2000, p.10). That is to say, the founding cost-quality premise is not a likely notion, and that fact is simply denied. Alternatively, this task set within Best Value could be a product of pragmatic consideration; that efficiencies can arise through the adoption of any of a number of methods: economies of scale, staff training, alternative providers, use of information technology, service restriction and centralisation, for example. Best Value is a central government construct that has been honed by the processes of consultation and pilot programmes. It seems *likely* that local authorities are reasonably comfortable with task of increasing quality and decreasing costs. Local authorities are not, in other words, being asked to 'do the impossible', or perform what may at one time have been considered an 'incompatibility'. Whatever the perspective it is considered important to understand how the 'Best Value outcome equation' will be reconciled in terms of measurement and method. This is considered important partly because of the flexibility outlined, and partly due to a view that government policies such as Best Value will not 'succeed' or 'fail' for reasons of local implementation. This view stems from a line of advocacy for New Right and managerialist reforms of the past twenty years. Barrett suggests that within this paradigm:



Managerialism, or new public management, had addressed the key problems of 'implementation failure' – lack of clear unambiguous policy objectives, resource availability and control over implementing agencies. (Barrett 2000, p.7)

It would therefore follow that, by this line of managerialist thinking, if policies did not deliver according to their mandate the problem was 'at the top', with design by central government.

However, and as Barrett proceeds to explain, certain "unintended consequences of the dirigiste model of policy implementation" (2000, p.8) are emerging from audit and evaluation processes in general. For example, priorities can become focused on performance measures regardless of their local importance, the means to implement change can be underestimated, and the effect of the "dynamics of organisational process and the dialectic between structure and agency in the process of change" (Barrett 2000, p.8) ) can be neglected. Best Value is a new kind of policy emphasising local mediation of process, amplifying the 'dynamic' referred to by Barrett. To place these views in context the following section presents a theoretical perspective of the policy environment into which Best Value was introduced.

## **7.2 Theorising Political Programmes**

Academics reflected on the shift in British politics in 1979 and developed the ideas of public choice theory to articulate what they saw as the central elements in the programmatic shift. A key problem was identified as the modernisation of public sector bureaucracy. The public sector reforms of the 1980s, widely referred to as New Public Management (Ferlie *et al.*, 1996; Dunleavy and Hood 1994; Pollitt 1993), were driven by a "market based ideology derived from new institutional economics and public choice theory" (Walker 2000, p.285).

Le Grand and Robinson consider public choice as a paradigm that views all actors as motivated by self interest and that bureaucrats will favour any increases in government activity, as this permits them to expand their bureaucratic empire, increasing their power, status and income. (1984, p.271). These ideas were a reaction to interventionist government and a rejection of the Keynesian

assumption that government should correct market failure. Theoretical models developed that related the political priority given to efficiency, strategic capacity and accountability of bureaucrats in general, and public sector bureaucracy in particular. This particular strand of theoretical development is centred on improving effectiveness:

Public Choice scholars have certainly not abandoned the aim of finding and recommending optimal government policies. However, they pay less attention to specific policies than to the process of policy making and policy implementation. Public Choice is a logical extension of economists' concern with improving efficiency (Gunning 2003, p.2).

Freidrich Hayek, the founder of contemporary public choice thought, identified two fundamental flaws in social science positivism. Firstly, most of the 'facts to be observed' of social science are subjective – issues such as poverty, quality and performance. Secondly, a social system cannot be divided into a finite number of variables nor can variables once identified be ranked in any consistent, and therefore meaningful, way. These limitations are dealt with by positivists in social science by regarding what can be measured as important, and ignoring what cannot be quantified (Dunleavy and O'Leary 1987, p.88). Hayek writing in 1945, criticising Joseph Schumpeter's *Capitalism, Socialism, and Democracy* expressed these limitations:

To him [Schumpter] these [economic] phenomena accordingly appear as objectively given quantities of commodities ... Only to a mind to which all these facts were simultaneously known would the answer necessarily follow from the facts given to it. The practical problem, however, arises precisely because these facts are never so given to a single mind. (Hayek 1945, pp.522-3).

This observation, that one person cannot possibly accommodate every nuance of every view of any situation posed a significant hurdle for any theory (and theorist) setting out to achieve 'explanatory proof'. Hayek was to revise his methodological view significantly (Hayek 1967), and his subsequent ideas formed the basis of public choice theory through the work of other academics, particularly William Niskanen. As application of public choice theory arose, so too did the focus on one group: managers.



William Niskanen's book *Bureaucracy: Servant or Master?* (1973) remains one of the most cited works in any discussion of public choice ideas. Nicholas Ridley<sup>7</sup> commented in an essay accompanying Niskanen's publication:

Professor Niskanen has produced a paper of devastating importance ... The last quarter-century has been an economic disaster in our long history. Let us at least give Professor Niskanen a chance (in Niskanen 1973, pp. 87, 93).

Ridley's argument, in line with Niskanen's, was that "bureaus which do not have to maximise profits have no incentive to achieve efficiency", and bureaucrats (perceived as "good and wise") had deflected apparent inefficiency onto interference by government ministers, and this was difficult to refute because "We have virtually no machinery for checking the performance of bureaus, and we have given remarkably little thought to how to improve that performance" (in Niskanen 1973). Bhatta (2003), Dunsire & Hood (1989), Harrison (1989) and Self (1993) have related public choice ideas to the 1979-1993 Conservative Government.

Niskanen, in ideas tested during his study of the Pentagon in the USA, came to three straightforward conclusions.

Firstly bureaucrats, "the senior official of any bureau with a separate identifiable budget" (1973, p.11), in the public (that is, non-profit) sector seek to maximise utility by maximising budgets. Larger budgets provide status, power, and organisational rewards such as promotion and 'perks'. This conclusion is reached through the appreciation of two aspects of behaviour – rationality and survival. For rationality, Niskanen recognises that:

[The] problems of making changes and the personal burdens of managing a bureau are often higher at higher budget levels, but both are reduced by *increases* in budget. This effect creates a treadmill phenomenon, inducing bureaucrats to strive for increased budgets

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<sup>7</sup> Ridley was a significant cabinet figure in the Thatcher Government, supporting the 'far right' of the party on matters such as immigration, race (the abolition of the Commission for Racial Equality), and privatisation of all welfare services and nationalised industry (Kavanagh 1987, p.94).



until they can turn over the management burden of a stable higher budget to a new bureaucrat.” (1973, p.22, emphasis original).

For survival, Niskanen notes that a bureaucrat is reliant upon the cooperation of her subordinates for flows of information and a ‘smooth running’ agency: “A bureaucrat’s life is not a happy one (tra la!), unless he can provide increasing budgets for his subordinate bureaucrats to disburse in salaries and contracts” (1973, pp.24-5). Bureaucrats do this because they have no profit motivation, and the main way in which they can maximise their utility, their ‘personal performance indicator’, is to maximise their budgets.

Secondly budget maximisation is achieved through the control, or ownership, of information that forms the rationale of decisions. Public goods cannot be quantified using simple cost/benefit appraisal. Bureaucrats far more than voters and politicians hold the information about cost, and what people want and get, with the result that they will oversupply in a manner consistent with their own benefit, rather than society’s. There are two aspects to this phenomenon: capacity and capability. In general, bureaucrats will have a clearer overview of the needs and context of their agency than the ‘sponsor’ (in the case of Best Value, the ODPM). They are best placed to compile information on their agency and make the best case for budget maximisation. Further, the bureaucrat “has a stronger incentive and can work full-time to obtain the information”, unlike the sponsors who would have “little incentive or opportunity to review the activities of the sponsored bureaus (which would)... give the bureau the overwhelmingly dominant monopoly power” (Niskanen 1973, pp.16-17).

Thirdly, in the longer term a sponsor will become familiar with excessive bureau requests, and a constraint on budget maximisation will operate in practice. Excesses arise when:

... a short-term bureaucrat who is an effective salesman (liar?) can often obtain a larger budget during his tenure by promising (usually, only implicitly) more output than the bureau can usually supply (Niskanen 1973, p.27).

The important point is that bureaucrats will always attempt to budget maximise:

... subject to the constraint that the budget must be equal to or larger than the minimum total costs of supplying the output expected by the sponsor (Niskanen 1973, p.27).

For these reasons Niskanen's most important conclusion about public organisations "is that they are too large" (Niskanen 1973, p.31), and the three tendencies towards expansion must be checked.

Downs defined a manager as one who works permanently for an organisation, and whose "contribution to organizational effectiveness cannot be directly evaluated" (Dunleavy 1991, p.148). This is a reference to the 'entrepreneurial' factor of production used in classical economic analysis: that combination of acumen, experience and judgement which directs an organisation towards growth or decline. Downs adds some complexity and sensitivity to Niskanen's approach by considering a wider range of reasons for managers' behaviour, such as loyalty to public service, a sense of responsibility and pride. A problem with adding these motivational aspects of managers' behaviour, at least within a public choice frame, is that the 'economic rationality' becomes obscure: "he is clearly not putting forward an economic model of bureaucracy at all, but simply some sort of mixed public choice/sociological account" (Dunleavy 1991, p. 167-8). However, within each of Downs' bureaucratic personality types he identifies self-interest 'goals' - "power, income, prestige, security, convenience, loyalty... pride in excellent work, and desire to serve the public interest." (Downs 1967, p.2) - as the main motivators.

Several variations on the ideas of Niskanen and Downs have surfaced within the public choice tradition. For example, the research of Breton and Wintrobe (1982) emphasise the importance of trust between co-workers and between managers and subordinates. Trust between co-workers can reduce efficiency as they "disguise or cover up chiselling and malfeasance" (Borcherding and Besocke 2002, p.10). Trust between ranks can improve efficiency where preference is given to:

... certain groups in hiring, attention to education, class, and ideological convictions, care in examining recommendations,



encouragement of professional association memberships, are predicted to increase the level of trust in an organization (Borcherding and Besocke 2002, p.10).

Peacock notes bureaucrats' propensity for leisure, rather than necessarily seeking expansion of their organisation (1983, in Walsh 1995, p.19). Olsen, while not an 'orthodox' public choice theorist in that he favours strong government, posits the notion of the 'free riding individual'; that is, one who will take advantage from the efforts of others. This is presented by Olsen as a 'rational first principle' of bureaucrats' behaviour, and can be solved though the simple expedient of disincentivising free riding: the role of government. Olsen considers many variables (group size, heterogeneity of groups, and differing costs for example) yet this focus remains on the individual and binary choice: action or inaction (1971).

A further strand of public choice theory is the involvement of service users, or customers, in monitoring and affecting change in government. Their active involvement in deciding the nature of services, and indeed government, is requisite to efficient distribution of resources. Downs (1957) considers the lack of incentives for voters to engage in political process because of feelings of powerlessness: a form of 'rational ignorance'.

Compulsory Competitive Tendering could be seen as an example of policy designed to dissuade the key public choice projection that:

... left to their own devices, public sector managers are inefficient, ineffective and pursue their own self-interest at the expense of the public interest ... the high-water mark of this [public choice] approach to the production of public services was Compulsory Competitive Tendering in local government (Boyne *et al*, 1999, p.23).

Overall, the public choice account of political behaviour is persuasive:

Writers such as Mancur Olson, Anthony Downs and William Niskanen do not use very complicated first principles reasoning, nor describe only the behaviour of abstract algebraic entities. Instead, they offer a compelling, applied and relatively detailed account of



how the core processes of liberal democratic politics operate (Dunleavy 1991, p.2).

However, public choice theory has also attracted criticism on a number of counts. For example, the focus on individuals' benefit and economic determinants is engaged "almost to the exclusion of political ones" (Yager 1999, p.85). This is a reference to the possibility that the process and impact of mediation *between* actors is attenuated within public choice accounts (Orchard and Stretton 1997). In addition, the focus on rationality and the particular manifestations of 'what is rational' is problematic. The following chapter presents an alternative view to the public choice account.

## CHAPTER EIGHT

### Recasting Public Choice: Bureau Shaping

Dunleavy's ideas developed as a reaction to what he sees as the inadequacy of aspects, particularly those highlighted in chapter seven, of public choice theory. Dunleavy identified aspects of public choice theory that he feels should be acknowledged if a critique of it is to proceed successfully. He aims to:

... criticise these models by exposing their unspoken and contestable assumptions and right-wing leanings... [and] to reconstruct key public choice models so as to demonstrate that a properly grounded instrumental account need not produce these sorts of conclusions (1991, p.2).

Dunleavy feels that public choice advocates commonly defend the assumption that bureaucrats' decisions are based on self-serving, personal utility maximisation, motivated by factors such as "salary, prerequisites of the office, public reputation, power, patronage ... and the ease of managing the bureau" (Niskanen 1973, p.22) as uncontroversial and without substantive value judgment. The outcome of such behaviour as predicted by public choice theory is budget maximisation. Dunleavy identifies "four reasons why rational bureaucrats should not budget maximise" (1991, p.174):

1. The collective action problems that exist in bureaucracies influence the overall bureau behaviour;
2. Insofar as bureaucrats can benefit from budget increases, any effect will depend on the budget and agency type;
3. While it is possible that some bureaucrats do attempt to budget maximise, such activity is only likely to occur up to an 'internal optimum level'
4. Senior bureaucrats are "much more likely" (1991, p.174) to pursue work related than financial preferences, which involve the need for collective

strategies. An increased budget is likely to benefit the lower-grade staff in terms of job security, and they have least opportunity to lobby for it. Senior officials are best placed to secure budget increases and they will have least to gain. They will have to maintain, reorganise, legitimise, manage and ensure high performance of a complicated department – utility is realised not through expanding but *shaping* their bureaux.

These reasons why bureaucrats will not budget maximise are now discussed in greater detail.

### 8.1 Collective Action

Dunleavy identifies specific collective action problems inside bureaucracies. These arose from the idea that collective action is more likely to succeed in the ‘grander’ schemes of organisational restructuring than individual strategies followed in pursuit of personal career-oriented strategies (1991, p.174-181). The directional nature of the strategies applies to managers. For other staff:

... we might expect that within a government agency the opportunities for individual welfare maximization will be fewest in the bottom ranks of bureaucrats: here collective strategies for improving officials’ welfare may be resorted to more readily (Dunleavy 1991, p.176).

This is a commonsense application of the ‘free rider’ principle highlighted by Olsen’s public choice account above. Dunleavy suggests that growth is only likely to happen as a result of collaborative action, which is unlikely to happen “unless they [managers] have exhausted individual welfare-boosting strategies” (1991, p.208). It is therefore more probable from Dunleavy’s reasoning that managers will seek individual career-related goals in the first instance and enhance *certain* budgets *within* their department. If individually-inclined options are not available the bureaucrat has to consider the more ‘troublesome’ options to maximise their utility. It is at this point that Dunleavy argues that budgets can remain the same or even fall and bureaucrats, far from losing potency as public choice theorists would maintain, direct their energies towards shaping their



bureaus. To explain how this happens the significance and definitions of ‘budget types’ and ‘bureau shapes’ need to be explained.

## 8.2 Budget and Agency Type

It is the interrelation of budgets that is in turn dictated by the agency type, which will lead to ‘shaping’ outcomes. The analysis is characterised by the nature of budget and the nature of agency.

Core budgets are associated with direct provision of services; bureau budgets finance departmental administration; and programme budgets constitute the entire organisation expenditure.

Housing departments can be considered in terms of four agency types: delivery, contract, and control<sup>8</sup>.

Delivery agencies “directly produce outputs or deliver services to citizens or enterprises, using their own personnel to carry out most policy implementation” (Dunleavy 1991, p.183). In this instance, core and bureau budgets rise and fall in direct proportion to the programme budget.

Contract agencies “are concerned with developing service specifications or capital projects for tendering, and then letting contracts to private sector firms” (Dunleavy 1991, p.185). Here, as the programme budget increases the core budget will remain static and the bureau budget will increase by the amount of the programme budget. The contracting out of specific services, such as housing benefit administration and repairs services, is an example of contract agency activity.

The task of the control agency is to “channel funding to other public sector bureaus in the form of grants or inter-government transfers, and to supervise how

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<sup>8</sup> Dunleavy identifies other agency types – regulatory, control, taxing, trading, and servicing agencies – largely associated with functions of central government departments (Dunleavy 1991, p.183-6). The discussion here is confined to agency types relevant to English local authority housing departments.

these other state organizations spend the money and implement policy” (Dunleavy 1991, p.186). Dunleavy uses the example of national-state agencies in this context, where an agency with relatively few staff coordinate the provision of services through state providers (bureau budget), which accounts for virtually all the agency’s programme budget. Direct provision (core budget) accounts for a small proportion of expenditure. For control agencies, if the programme budget increases, core and bureau budgets increase by a relatively small proportion because the ‘delivery infrastructure’ of core budgets is already in place, and grants paid to delivery agencies are part of the programme rather than the bureau budget, which accounts for payments to service providers.

The control agency has similarities to the situation of a local authority that has established new whole service providers, such as Arms Length Management companies or stock transfer landlords: “A key benefit of setting up an ALMO is the separation of the local authority’s housing management role from its strategic housing function ... In particular, the local authority must allocate adequate resources to continue and enhance its strategic role” (ODPM 2003, p.27).

In the case of Arms Length Management budget activity arises from the ‘incentive’ payments from central government designed to provide finance for stock rehabilitation. Departmental activity shifts from the operational ‘core’ budget of the delivery agency, to the administration and strategic management of the service transfer. This overlaps with Dunleavy’s notion of a regulatory agency whose “key tasks are to limit or control the behaviour of individuals, enterprises or other bodies, using licensing systems, reporting controls, performance standards or some similar system” (1991, p.184).

The key point relating to discussion on budget and agency type is that even during times of falling or static global budgets rearranging the organisation structure can benefit certain groups. Contract, control and control organisation ‘shapes’ with proportionally higher programme and bureau budgets will tend to benefit policy level staff, and a delivery organisation with a high core budget will benefit lower level staff through salaries and job creation (Ingarfield 1996, p.23).

An example of Dunleavy’s representation applied to housing departments, and particularly the discussion in chapter three, is shown in table three.

**Table Three: Housing Agency Types and Budget Emphasis**

Agency Type	Budget Emphasis	Housing Organisation
Delivery	Core	In-house Provision
Contract	Bureau	Contracted Services
Control-Regulatory	Programme	ALMO and Stock Transfer

Dunleavy’s thesis is that a form of ‘strategic cost management’ could arise, whereby actors steer organisations toward shapes that confer benefits to themselves. This will result in flux as power shifts between groups as they vie for particular organisation forms.

A final point is that Best Value policy does not involve budget increases. Indeed, and explicitly, budgets are required to decrease over the five year review period. The revenue reduction could, extrapolating from Dunleavy, impact upon core rather than bureau budgets and functions, and will in turn start to reshape the organisation in two possible ways. Firstly, toward a contract agency, where the core budget of the agency represents a small proportion of the bureau and programme budgets – most of the costs incurred are core-contractor in nature. Secondly, toward a control agency, where the budget pattern resembles that of the contract agency, but the organisation controls other public sector delivery agents. Crucially, it is senior managers who determine whichever shape arises.

Dunleavy has developed what is essentially a critical framework with which to view budget activity and organisation change. Instead of considering a budget cut (say) in terms of pressure to produce ‘more for less’ Dunleavy takes the situation and considers how interested parties will respond. For senior managers he argues



that a budget cut, far from being a threat to senior managers, actually provides an opportunity to maximise their utility.

An additional strand of Dunleavy's thesis is the notion of optimal budget changes discussed in the next section.

### **8.3 Budget Maximum and Beneficiaries: The 'Internal Optimum Level'**

The extent to which budgets 'peak' in terms of bureaucrats' utility is an important aspect of bureau shaping, given Niskanen's "picture of bureaucrats as open-ended budget-maximizers" (Dunleavy 1991, p.197). Dunleavy explains the concept of optimal budget levels in terms of three factors: rank within the organisation, type of agency, and advocacy-utility correlation. For example, an officer will press for core budget increases in a delivery agency until such time as their advocacy is reasonably decisive, and individual utility is likely to rise. Decisive advocacy and utility varies according to rank, and will vary across agency types.

For a delivery agency, top-level bureaucrats' marginal utility declines relatively slowly as programme budgets increase (Dunleavy 1991, p.198). This is because a delivery agency's core and bureau budgets rise in direct proportion to the programme budget, so senior (and lower-ranking) officials stand to benefit. The marginal utility declines as the costs in terms of advocacy, or the amount of work needed to justify the budget increase and the attendant risks, particularly when other utility maximising alternatives are available, outweigh the benefits.

For a control agency a relatively swift decline in marginal utility arises because programme budget increases do not have a significant impact on the bureau (and core) budgets. For lower-level bureaucrats, the same general process applies except that utility and cost are lower at all times: "Rank conditions the ... benefits that officials receive from the program budget increments, their individual influence assessments and their costs of advocating budgetary growth" (Dunleavy 1991, p.197). In essence, lower levels of influence and higher costs of engagement offset the benefits of advocating budget increases.

Where budget maximisation is no longer a viable goal, Dunleavy argues that “officials do nothing, switching attention instead to other individual or collective strategies for improving their welfare” (Dunleavy 1991, p.198). The important phrase here is ‘do nothing’ in terms of agency budgets – press for neither expansion nor reduction, but concentrate on individual or collective welfare boosting strategies.

Dunleavy examined the impact of Compulsory Competitive Tendering and the acceptance by managers in local government that policy is located in four areas: response to central government policy, the client/contractor split, the business plan and the budget process. Within this agency-centred perspective he argues that managers shape to achieve particular outcomes. Ingarfield and Smith-Bowers (1996) used this theory, concentrating on the use of the business plan and the development of market-orientated methods, to partially explain the response of bureaucrats. Central to their application of Dunleavy’s argument is that managers do not necessarily seek to maximise departmental spending, and this is understood by breaking down the budgets of local authorities into core (spending on self-administration), bureau (core budget plus financing of private contractors), program (bureau budget plus financing of other public sector bodies) and super-program budget (program budget plus resources from other public sector bodies) (Dunleavy 1991, pp. 181-182). By analysing the budgets in this way, it is possible to see who will benefit from the maximisation of a particular budget. Lower and middle-ranking workers will benefit from core budget expansion, through increased salary, pensions and job security; higher level workers benefit from an increase in bureau and program budgets. These latter benefits, while “complex and less quantifiable” (Ingarfield and Smith-Bowers 1996, p.25) can be identified as those which “ensure that their careers are protected and enhanced, in terms of status and prestige; interesting and rewarding work; congenial work environments; influence and discretion over policy” (Ingarfield and Smith-Bowers 1996, p.31).



Bureau and program budget maximisation will lead to an organisation characterised by a 'strategic core', where the operational dimension of activity is contracted out, and not provided directly by the local authority.

This leads to a consideration of the success with which managers present their business plan – how and why is such a self-serving strategy able to thrive? Dunleavy explains this through 'ideological corporatism', where the power is located with those able:

... to win a rational argument, to undermine a policy 'paradigm' intellectually, to solve specific 'technical' problems, to demonstrate a shift in the 'intellectual technology' of the policy area (Dunleavy 1981, in Cole and Furbey 1993, p.131).

Overall, the argument is that bureaucrats will seek budget maximisation up to a point. That point is reached when the personal costs of promoting increases are greater than the benefit that will arise, and these factors will vary according to rank and agency type.

#### **8.4 Bureau Shaping and Best Value**

Contract agency development accelerated considerably under Compulsory Competitive Tendering, as local authorities developed client ('contract') units to provide ('deliver') services from in-house providers. This process is readily observable, and a correlation between this process and bureau shaping has been demonstrated during Compulsory Competitive Tendering (Ingarfield 1996). The question at this stage is 'Why should a contract agency change to a regulatory-control agency?'. The pressure that the organisation is under is similar under Compulsory Competitive Tendering and Best Value, and has similar budget characteristics – that is, both types are beneficial to senior officials. Four reasons for a movement from delivery through contract to regulatory-control can be proffered:

1. The Best Value frame imposes, and this is both implicit and explicit, rigorous consideration of non-council providers in council housing management. It is



suggested that the climate for non-local authority provision is more conducive to contract provision now than five years ago, under Compulsory Competitive Tendering. The main factor here is the changed political context for contracting out services - it is now politically 'safer' within to consider provision by alternative providers. Further, this is now seen as a *local* choice rather than a centrally imposed requirement.

2. The pool of organisations willing to engage in the business of council housing management has matured to broaden the nature and type of provider, and the conditions under which they provide housing management services, and includes a number of non-local authority organisations.

3. Delivery agencies must still engage in a range of employer duties such as salary negotiations, employee welfare, equal opportunities and health and safety for example. These duties add complexity and potential conflict. It may be stretching the point to suggest that senior officials seek the 'glamour of regulatory-control agency'. At least, benefits consistent with Dunleavy's general explanation for bureau shaping where activity is isolated from line functions would be apparent.

4. Best Value process involves more than budgets. The 4 Cs and the 3Es, in particular, require a specific focus on performance expressed in outputs and outcomes. The public choice argument is that bureaucrats will budget maximise whenever they can. However, that opportunity appears to have been removed under Best Value *in general*. At the same time, opportunities to manoeuvre and shape organisations remain a possibility that can be investigated. In terms of the performance requirement the situation is more complex. Will the necessity to adhere to a process, which while 'tight' in requirements still permits potentially wide-ranging interpretation, create a situation where opportunities to bureau shape are enhanced? This is a key question and relates to the first reason given above for changing intra-organisation form. Will Best Value provide the opening rationale – the safety - for managers to lead change that suits their aspirations? The Best Value *process*, and the way it is enacted, is a critical aspect of Dunleavy's ideas.

To this point two elements have been explained: what bureau shaping is and why it might arise under Best Value. A final point remains: how will managers bureau shape under Best Value? This question is considered in the next section.

### **8.5 Application of the Bureau Shaping Thesis**

The aim of this section is to explain the way in which bureau shaping is enacted in the day-to-day housing management of local authority owned housing. This aim is addressed initially through an explanation of the strategies of bureau shaping identified by Dunleavy. The discussion is broadened later in the chapter to consider the context of housing departments, and concludes with an explanation of the focus on local authorities when investigating change during Best Value.

### **8.6 The Strategies of Bureau Shaping**

Dunleavy identifies five key bureau shaping strategies “to bring their bureau into a progressively closer approximation to ‘staff’ (rather than ‘line’) functions, a collegial atmosphere and a central location” (1991, pp.202-3). These strategies are what Dunleavy puts in place of Niskanen’s budget maximising thesis to explain what bureaucrats do and why they do it: to challenge Niskanen’s assumptions and present a verifiable frame. To this point an explanation has been given of the motion of bureau shaping, or the ‘what’ to be observed. The five strategies explain *how* this can be achieved.

#### **1. Major internal reorganisation**

Reorganisation will tend to isolate the routine organisation of functions, and ensure that they are “shunted into well-defined enclaves which need to be involved as little as possible with senior management” (Dunleavy 1991, p.203). This could also be viewed as decentralisation of housing management, a generally well-received form of practice bringing services closer to the client, provided that the local service was comprehensively resourced with



knowledgeable staff, repairs were coordinated effectively from the point of contact, and the local office also provided services that overlap housing, and include wider community and environmental aspects of service delivery (Cole and Furbey 1994, p.222). These are extensive and expensive provisos and could relate to budget maximisation. According to Dunleavy's theory decentralisation confers benefits to all staff through job creation, and opportunities for varied work and promotion. This is therefore a bureau shaping strategy that managers might pursue. However, as the costs of organisation change face challenge decentralisation is important because operational activities are geographically separate from strategic functions; there is no suggestion that the satellites are involved with policy-critical aspects of the service, or staffed by senior management. This creates a situation where:

Power and control thus becomes consolidated for the managers, and decreased and fragmented for other workers and individualised customers. Reductions in services, quality, and customer control are borne by the service users, or 'customers', not the senior managers (Ingarfield 1991, p.81).

When the cost challenge is upon the local authority, as in the case of Compulsory Competitive Tendering, change in line with Dunleavy's bureaus start to arise:

CCT facilitates bureau shaping, as an opportunity for managers to reshape their organisations in their own interests. It enables them to take on and defeat the trade unions in terms of job security, contracts of employment, health and safety; to impose their own working methods; to reduce their accountability; to cut services to the public, and to separate themselves from the consequences (Ingarfield 1991, p.79).

The separation of core and bureau budget activities through decentralisation helps realise this opportunity. The pressure on budgets in general explained why it happens.

## **2. Transformation of internal work practices**

Dunleavy suggests that policy-level officials will seek a number of changes that impact upon their own and others' workloads. For themselves, sophisticated management and analysis practice, high skill and high status tasks are sought.



For lower-tier management responsible for routine aspects of service delivery, high levels of accountability are imposed, but equally an involvement in decision-making. In this way the location of responsibility is dispersed (Dunleavy 1991, pp.203-4).

### **3. Redefinition of relationships with external partners**

The emphasis in this relationship is to externalise routine work and maximise the extent to which the agency retains policy and operational control. This control should be prescribed, and allow little opportunity for interpretation to avoid conflict. Dunleavy describes the need for control to be “robust and insulating” (1991, p.204) – robust in the sense that control can be maintained, and insulating in the sense that managers do not become entwined in operational matters.

### **4. Competition with other bureaus**

Bureaus within an organisation often overlap in terms of their remit. In line with the hypothesis that managers will seek the prestigious aspects of the organisation’s operations, they will endeavour to include the policy intensive, strategic functions within their bureau, and export or exchange the problematic tasks: “Bureaus may want to export troublesome and costly low-grade tasks to rivals, especially where doing so carries no major implications for a reduced programme budget” (Dunleavy 1991, p.204).

### **5. Load-shedding, hiving-off and contracting out**

This is the extreme aspect of bureau shaping. Where aspects of an agency’s operations are inconsistent with the bureau shaping preferences of senior and policy-level staff, the final option is to devolve the task to another body – externalise the service. Compulsory Competitive Tendering can be seen as an attempt by central government to force local authority managers to adopt this strategy.

Dunleavy identifies certain general 'push' factors that could explain why some services *did* move to outside contractors. Firstly, load shedding is particularly attractive for aspects of a service that are "particularly complex and troublesome". Dunleavy's example is the way central government shifted the administration of housing benefit to local authorities in 1985 (Dunleavy 1991, p.204). Secondly, load-shedding can arise from a combination of central government policy direction and senior-policy level administration complicity. The most obvious example of this has been the development of non-departmental spending bodies formed out of parts of the civil service throughout the 1990s. While the Treasury voiced opposition to the delegation of budgets caused by hiving-off, "most senior officials in other Whitehall ministries have endorsed the government's strategy, many enthusiastically" (Hencke 1988, cited in Dunleavy 1991, p.234). Thirdly, many of the costs of labour intensive direct public contact agencies, such as employee centred terms and conditions, equal opportunities practice, trade union involvement, and extensive consultation, are not taken into account when costs of provision are compared between internal and external providers (Dunleavy 1991, pp.241-247). If such costs are partly ignored the case for externalisation is stronger.

In terms of 'pull' factors – those that deter externalisation – Dunleavy considers the New Right arguments, which seek to explain why staff in general are averse to hiving-off. The reasoning is that lower-level staff lose through cuts in the core budget, requiring them to work harder, and senior staff lose through a reduction in their influence, status and salaries. Also, the underlying legitimisation of social welfare agencies, which protects them from criticisms of oversupply, is largely removed once a private agency controls provision (Dunleavy 1991, p.231). Dunleavy's argument, and indeed his entire thesis, is that such assumptions, particularly as they relate to senior staff, are misplaced. As discussed above his reasoning is that senior managers stand to benefit from the maintenance of particular aspects – bureau and programme - of the budgetary whole, which survive relatively intact following privatisation. The strategies associated with hiving-off can be inhibited by disutilities, where, for example, the moves to privatise services remove any semblance of regard for social welfare factors with which the bureau still wishes to be associated:



Contracting out or competitive tendering may be introduced in conditions where they *reduce* the social welfare. Such inappropriate privatization becomes a general risk in the bureau-shaping account (Dunleavy 1991, p.241; emphasis original).

This notion of ‘inappropriate privatisation’ was a part-theme of Dunleavy’s earlier work, where the issue was explained in more depth. His argument rests on two factors. Firstly, it could be partially explained by senior bureaucrats pursuing their class interests “even when its by-product effects in immiserizing state workers or reducing services to consumers mean that the strategy is at odds with the ‘public interest’” (Dunleavy 1993, p.143). Secondly, “and completely neglected in public choice accounts of bureaucracy ... there may be quite large differences between the ‘internal’ and the ‘social’ costs of public service provision” (Dunleavy 1993, p.143). The key to this factor lies in the consideration of cost and benefit externalities. If a government, in producing legislation such as Best Value, does not appreciate the socially beneficial externalities of certain functions, then internal costs will be assumed to be at market levels, where the “agency’s internal costs are higher than those of private sector firms with comparable kinds of activity and function” (Dunleavy 1993, p.149). In such cases, inappropriate privatisation is more likely. Such externalities are a ‘risk’ for those taking decisions. Positive and negative externalities, where capable of identification (and this cannot be assumed) need to be disregarded as either irrelevant, non-existent, or arising elsewhere if inappropriate privatisation is to proceed. This is a risk because, should negative externalities arise as an issue, the decision maker stands exposed. Such risks will therefore need to be accommodated before moves to a contract, control or regulatory agency are considered viable.

Dunleavy’s model is in large part informed by a reaction to the public choice rationale, and is fundamentally an argument centred on two premises. Firstly, managers will not seek *whole* bureau expansion in line with public choice prediction. They will enact strategies to achieve a bureau shape that coincides with their utility. Secondly, Dunleavy’s thesis is dependent on *opportunity* –



when managers can apply these strategies with least risk they will. It is suggested that Best Value policy could create the type of opening Dunleavy alludes to.

Having detailed the extent to which managers might manoeuvre during policy implementation, the full application of Dunleavy's ideas need to be firmly located within the context of relationships that might arise during Best Value.

### **8.7 Bureau Shaping, Networks and Best Value**

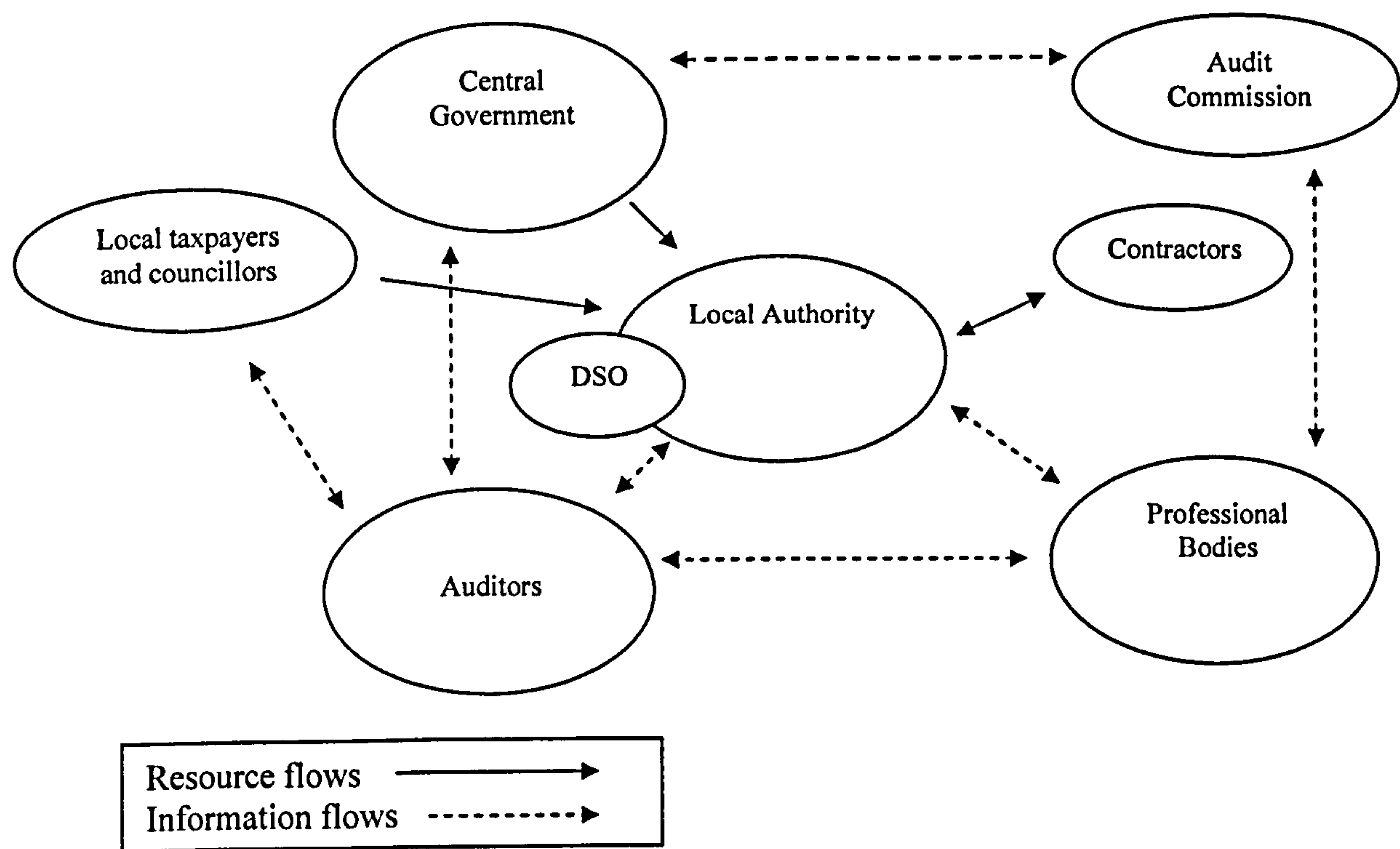
A notable element of Dunleavy's analysis is the bargaining process that arises between, in the main, managers and front line staff, and managers and other agencies. These are the focal points in an examination of bureau shaping. It is significant that Best Value does involve an active engagement with residents through the Tenant Participation Compact, and implicitly a place for local politicians as a conduit for local democracy. The inter-relationship was described earlier (p.61) in the context of Compulsory Competitive Tendering, with six primary relationships

To clarify the policy context further it is necessary to establish the boundaries of the network for housing and Best Value. For council housing the agencies involved in the policy process are illustrated in figure five. This is a representation of the council housing network.

Figure five illustrates the 'organisational field' identified by Seal in his study of Compulsory Competitive Tendering. It:

... recognizes a process of structuration in which the dynamic interaction between agency (such as the authorities' attitude to marketisation) and coercive, normative and competitive forces influences outcomes (Seal 1999, p.315).

**Figure Five: Council housing and agencies involved in the policy process**



Source: Seal 1999, p.314

Two issues arise with Seal’s interpretation.

The first is that council home residents must be distinguished as a separate and additional group under Best Value. The introduction of the Tenants’ Participation Compact creates a route in terms of communication and resources. In addition the place of ‘contractors’ needs refinement. The alternative providers of housing services include housing associations, which are controlled through registration with, and part-funded by, the Housing Corporation.

The second issue concerns the relationships Seal identifies. In essence the relationships mapped are not as straightforward as Seal’s diagram implies. For example, the resource relationships all involve an element of information

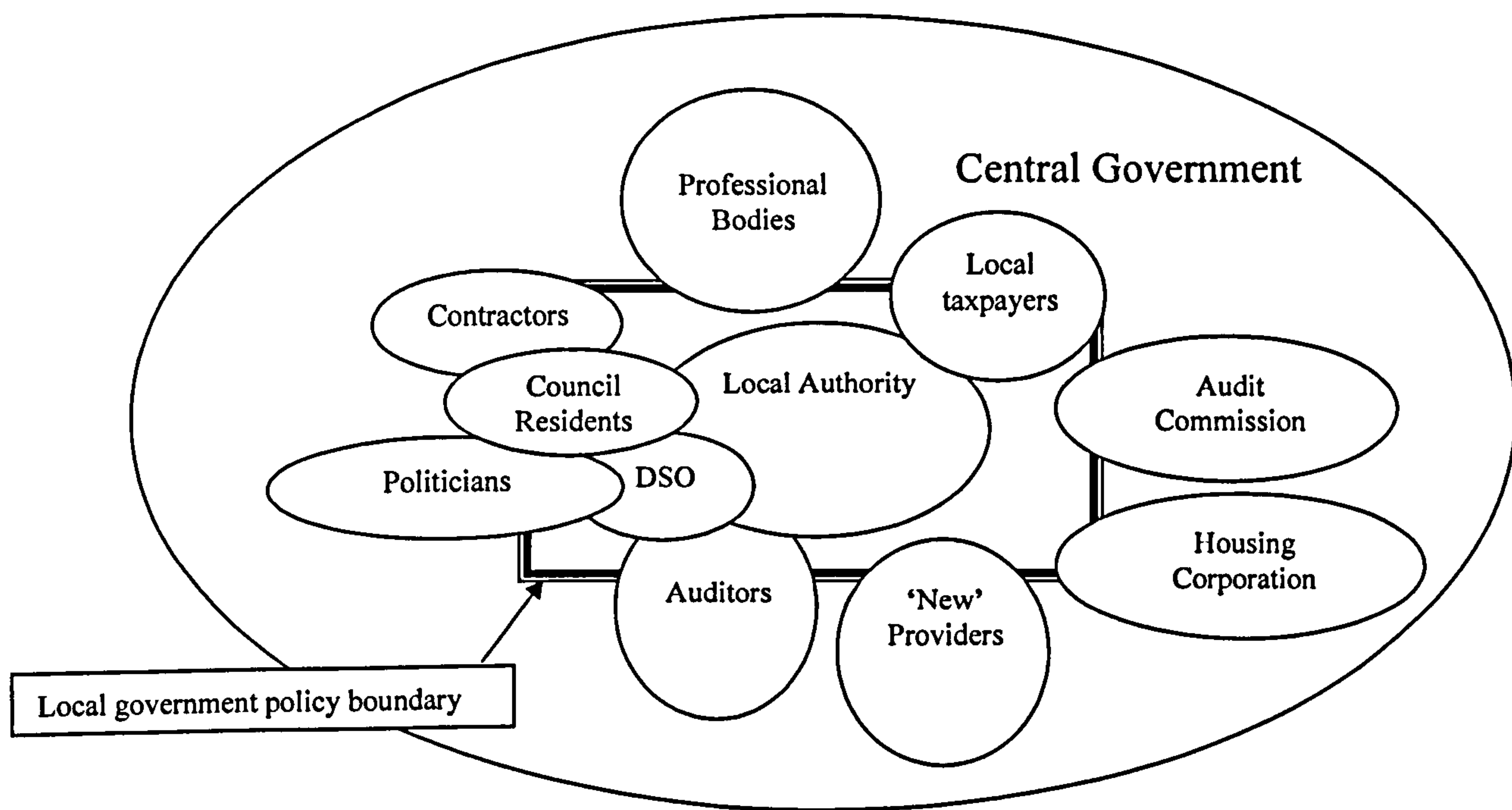
exchange. Local taxpayers part-resource local authorities on the basis of manifesto pledges and service performance. Contractors only receive income and incur expenditure after contracts have been produced and signed. The impact of either of these interpretive relationships is overlooked in this model. In addition flows are more multifarious than relationships indicated by Seal: for example professional bodies have a relationship with central government, and local taxpayers and councillors deal with contractors.

Figure six adds the Housing Corporation, tenants and residents of council housing and 'new' providers to Seal's representation. In addition, local politicians and local taxpayers have been separated. The diagram is useful as a housing-specific version of the network structure and the interaction aspects of Marsh and Smith's network diagram discussed earlier (figure two). It differs from figure five significantly through the absence of 'flows', replaced by 'relationships' in the management of social housing. In short, the notion of information flows in Seal's diagram is replaced by a notion of reciprocal communication between actors.

Those groups that overlap have a direct and probably daily relationship. These are operational relationships. Council tenants are continuously 'using' their homes and the management services associated such as rent payments, repairs and caretaking for example. Those groups that do not overlap are considered to have potential or actual relationships of a more *ad hoc* nature. The suggestion is that they can be influenced by each other, and they can influence local authority activity in a strategic rather than operational sense. The Audit Commission is an obvious example of this strategic communication through monitoring annual performance and five-yearly inspections. The reason for this operational-strategic distinction stems from the discussion in chapter one relating to the importance given by Government to the issue, combined with Dunleavy's discussion of bureau shaping. The entire local policy arena has been enclosed by 'central government', the nominal originator of Best Value policy.



**Figure Six: Policy Relationships**



This description of the complex set of relationships illustrates that any one agency can link to others either through their operational contact, or along the ‘rails’ of the authority’s policy boundary, or through the overall central government policy discourse.

To this point the ‘policy field’ has been explained in general terms. One important aspect remains: the significance of what happens *within* an agency.

### 8.8 Housing Networks and the Intra-Agency Effect

Having outlined the diverse range of agencies likely to be involved in Best Value a further issue remains: intra-agency relationships. A thread running through the thesis to this point has been the suggestion of imbalance within local authority decision making processes. It is certain that any of the agencies identified in

figure five may have an impact on what happens locally under Best Value. What is of specific interest in this work is how and why local activity is generated and the impact it has. The activity of an actor within an agency is crucial to forming network relationships and policy outcomes. Each actor explicitly plays a part. What is not clear is the impact on the relationship an actor has. Marsh and Smith acknowledge this difficulty in 'proving' causality: "We would never envisage a simple causal model which predicted that a certain network structure ... would lead to a particular policy outcome" (2000, p.11). Their model is about relationships and the social construction of networks. In other words networks *can* explain outcomes through the bargaining of agents (Marsh and Smith 2000, p.5).

This leads back to the frequent mention of managers, and less frequently local politicians, as dominant players in the local authority arena. Do they influence policy outcomes to any significant effect? Or will Best Value placed the pivot of causality elsewhere? In essence the argument is that power imbalance is likely to remain in the local authority domain, and this is a possibility worth exploring.

### **8.9 Summary: Best Value and Local Authorities**

This chapter has explained how Dunleavy has recast public choice theory, and presented strategies that managers could adopt to shape organisations. The key relationship referred to by Dunleavy is that which arises between front line staff and senior managers: it is their welfare that is affected most by changes in budget and agency type. Several additional relationships with agencies, groups and individuals have been highlighted in this chapter, yet most 'Best Value activity' takes place within the local authority boundary. For example services are delivered, residents are consulted, performance plans are produced and the four Cs and three Es are delivered. In other words, the best opportunity to assess a policy lies at the point of delivery where it is 'interpreted most'. It may well be that auditors or new providers will also begin to shape outcomes to a greater extent, but in the end:

A local authority represents a formidable force which has the intellectual resources to sabotage or, at least delay, those central government policies that lacked local government consent. (Seal 1999, p.324)

Within the Best Value and housing network, the local authority policy arena appears to be an important determinant of outcomes.

At this point the importance of local authorities as 'policy shapers' is evident from many parts of the theoretical spectrum, and hence justifies their choice as a subject of research focus. The next chapter examines the issue of research method in light of the discussion to this point.



## **CHAPTER NINE**

### **Public Choice, Bureau Shaping And Best Value: Research Approach**

This selected focus on local authorities discussed in chapter seven leads to one further issue: how best to investigate influences within? Aside from influence from the network structure, learning input and structural context, local authorities are themselves a network with identifiable sub-groups. Earlier discussion of Best Value policy highlighted the importance given towards residents, front line workers, councillors and managers. They all 'have a place' although the implication has been that managers are able to influence policy implementation more than other groups. This question of research approach is discussed in this chapter.

It is appropriate to locate the chapter by returning to the original aim of this work: to identify the ways in which local relationships will be redefined during Best Value. In essence the reasons put forward are: policy context, expectations and interpretations of Best Value, and the influence of senior officials. The preceding chapters of this part have served to sharpen these postulates, and in this chapter they are rephrased as hypotheses accompanied by questions to be answered in the field research.

The way the research was designed to answer the questions arising from hypotheses, and to take account of the recent introduction of Best Value, is discussed in the second half of the chapter, after the field study questions have been restated.

#### **9.1 Field Study Questions**

The field research was carried out between March 2001 and February 2002, the year following the passage of the legislation, but before local authority systems were fully operational. The research focused on the housing departments in two London boroughs, Westminster City Council and the London Borough of

Newham, and for both boroughs this was a time of acute acclimatisation to the new policy environment. This section provides the detail, and substantiation, of the three questions posed to respondents during the field research.

## **Local Context**

The issue of context remains an important aspect of policy implementation following the discussion in chapters two (the legacy of Compulsory Competitive Tendering) and five (political programmes). The specific aspect of 'safe environment' has been highlighted (chapter eight): a situation where options can be explored and implemented which might otherwise not have been entertained. The original sub-question: 'How is current implementation dependent on past practice and circumstance?' can be rephrased to:

### **Hypothesis One: current implementation depends on past practice and circumstance**

The questions that lead from and test this hypothesis here must focus on the changes that have arisen between Best Value and Compulsory Competitive Tendering, and cover the main theoretical and processual themes covered. The main question to be answered is:

### **What was the experience of those involved in housing management to Compulsory Competitive Tendering?**

Several areas of interest could be covered in this question. For example some could have felt 'restricted' by central government control and process requirements, the client-contractor split, or averse to marketisation. If an authority didn't 'do' Compulsory Competitive Tendering, that is they did not successfully contract services, why was this? Might this situation continue with Best Value? Would the problems that existed under Compulsory Competitive Tendering remain under Best Value? The meaning of 'problem' is important: is it associated with Compulsory Competitive Tendering process, ideology, external factors such as attitudes and availability of contractors, or the authority's



administration? To add perspective to these questions it would also be useful to estimate, basically, were those involved generally happy with Compulsory Competitive Tendering?

These questions can also illuminate a key point raised earlier in the thesis: influence during the implementation of Compulsory Competitive Tendering. To test the hypothesis it would be necessary to add: 'Will this influence continue under Best Value?'.

This line of enquiry helps to establish what the authorities were moving from and towards, and the questions concerning context are salient because each local authority had adopted a markedly different approach to service provision at the time of this research. Westminster had a largely externalised system of housing management organised as 'trading wings' of the City. During the interview period this situation was due to change with the intention of moving direct provision of a significant part of housing management to independent companies. Newham's housing service was almost entirely in-house. This would suggest that Westminster's emphasis was on strategic management of their housing stock, and a situation similar to that found by Deakin (1998, p.4) was in place:

From the interviews, it has become clear that the main concern of local authorities rests with the basic issue of information systems and computerised databases for the (strategic) management of property.

Although the context for Deakin's research was property asset management, a finding of this 'strategic' kind would be significant when gauging change arising during Best Value.

### **Interpretation of Best Value**

The second research sub-question, 'To what extent is the implementation of Best Value in line with the expectations of those associated with Best Value processes?', has to this point highlighted that any of a number of interpretations could arise in the approach to Best Value. It is appropriate now to set the following:



## **Hypothesis Two: Best value can be interpreted in a variety of ways.**

The hypothesis has been deliberately phrased in an open and non-specific manner simply because of the varieties of interpretations and expectations that could arise. It also serves to challenge any assumptions that Best Value will produce a relatively objective and ordered manner of implementation. The key concern has related to the interpretations of process and outcomes. Fundamentally process is of importance if it is devised to meet the needs of certain groups (such as empire building or bureau shaping); outcome is of importance depending upon its interpretation. To consider which course is adopted (or is likely to be adopted) it is logical to ask the question:

### **How is Best Value being interpreted?**

From this question several others flow: is there a distinction between outputs and outcomes?; what arrangements have been made for participation?; is the prospect of inspection influencing implementation?; what targets have been set and how will they be achieved? In fact questions can be directed at any aspect of the process. Each is 'to be a product of local determination' with one end: Best Value in the delivery of services. An important aspect of the Best Value process is the application and use of the 3 Es, the 4 Cs and Best Value performance data. Who decides how these phenomena will be measured, defined and delineated? Who is responsible for this 'field of application'?

While 'what matters is what works' is a line of logic for New Labour the means to the end is important for this work. This leads to the theoretical perspective concerning the interpretation of Best Value process. Dunleavy suggested certain organisation 'shapes' and budget characteristics held significance for particular groups, and tasks could become organised according to these characteristics. Some members of staff may benefit and others could be disadvantaged. This notion of 'benefit focus' through process also extends to the client group: how do residents reflect on changes introduced during Best Value?

The issue of 'shape' is of importance when considering the two Boroughs. Newham had a 'delivery' form of agency, with Westminster bridged between delivery and contract.

Whether services, and the conditions under which they are delivered, are improving or not the question of 'Why?' arises. Of course the answer could be the policy of Best Value and the processes prescribed within it. This was not considered to be likely as a full explanation for reasons related to Barrett's views on policy implementation explained in chapter one, and subsequent discussions to this point. General answers to the 'why' question could give insight into factors influencing implementation, and whether what is happening under Best Value is of benefit to certain groups or individuals. The 'who' beneficiaries of what might happen under Best Value was a persistent theme through part three, from two theoretical schools, and the analysis led to the conclusion that senior officials, rather than any other particular group or individual, were best placed and most likely to influence change. The third research sub-question, 'Is any group or individual associated with Best Value processes able to influence implementation?', is developed to a third hypothesis.

### **Appropriation of Best Value**

**Hypothesis Three: Senior officials are most likely to control the agenda of change under Best Value.**

Testing the relevance and usefulness of Dunleavy's bureau shaping model of change in local government is consistent with the main thesis aim: to explain the way in which councils implement Best Value. In connection with this hypothesis it might be appropriate to ask the simple question: is bureau shaping in evidence?. Further, are managers controlling the agenda of change under Best Value and employing the strategies identified by Dunleavy? Certainly the answers to these questions are required.

However, it is not proposed to test this hypothesis using direct questions about managers and whatever strategies they might pursue or be seen to pursue. There



are two reasons for this indirect approach. The first is related to method and the wish to avoid a prescribed research frame as much as possible. This is explained fully in the next chapter. The second reason is that the research should *test* Dunleavy's ideas in order to develop a better (if possible) tool of investigation. Dunleavy's main hypothesis is that the main cause of change can be managers successfully adopting bureau shaping strategies. However, other factors *could* influence policy implementation.

What is proposed for the field research is a meso-level analysis that allows possibilities beyond the ideas of Dunleavy to surface during a practical test.

The question that is proposed to test the 'managers' influence' hypothesis is:

**Who or what is most likely to control the agenda of change under Best Value?**

Interrogating the hypothesis in this way allows an initial investigation of Dunleavy's ideas. Several possibilities are implicit alongside the broad focus adopted. For example use of a network model might justify focus on central government and generate the 'central government is most likely to control the agenda of change under Best Value' hypothesis. Some confidence has been placed in Dunleavy's ideas. To avoid reliance on these ideas the research question has to allow other possibilities to surface.

Within this hypothesis and the questions generated to test it there exists the possibility that no individual, group or 'force' is at work promoting change because no prospect of change is evident. This eventuality will be apparent from the test of the first two hypotheses. The prospect of change leads to the final question relating to *actual* change: What organisation changes are happening, or are likely to happen, under Best Value? This question is necessary to anchor the test of Dunleavy's bureau shaping ideas. If certain changes are taking place, and they appear to be happening for the reasons Dunleavy puts forward, the bureau shaping thesis has value as a policy analysis tool.



The possibility exists that something other than bureau shaping takes place in organisations when budgetary and performance pressures arise. This does not necessarily nullify Dunleavy's hypothesis. It may be that the time is not 'appropriate' for managers to bureau shape, or individual welfare-boosting strategies are available. In this case changes will be more subtle, although it is expected that when considering Best Value as a process that allows internal arrangement some change will occur. The questions here is: What are these 'arrangements' and how and why might organisations change?

Returning to the main thesis aim of identifying the way relationships are changing under Best Value the test of this hypothesis should reveal these 'particular outcomes'. As discussed in chapter two the concept of 'outcome' is an important part of Best Value and this thesis. Outcomes are the whole impact of a policy including service quality and efficiency, resident and staff satisfaction, political legitimacy, and prospects for the future of housing management services. Questions relating to organisation changes, and the extent to which change takes place in similar or different ways, should therefore encompass all manner of change rather than only matters of 'shape'.

## 9.2 Research Sites

Two London boroughs were chosen as sites for the research, the London Borough of Newham and Westminster City Council. Two boroughs were chosen to allow an in-depth comparative analysis of process rather than the wide-ranging description of practice a multi-site study would allow. Newham, which piloted Best Value two years prior to its formal adoption, presented a relatively evolved form of Best Value in use. Westminster, along with the majority of English councils, implemented Best Value according to statutory direction in April 2000. The way in which each reacted and adapted to Best Value was therefore an interesting aspect of choice.

In terms of similarities they have a similar stock of council housing, a high demand for it and they are both, of course, *London* authorities. The choice of

London as opposed to any of the other English or Welsh authorities affected by Best Value was a choice governed in the main by research logistics; that is, they were accessible to the researcher throughout the interview period. The limits this choice places on interpreting the results is discussed in part five.

The main point to be made here is that if a similar pattern of interpretation and influence on Best Value processes can be observed in both, some degree of universality can be extrapolated.

### **9.3 Field Study Sources**

Three sources were used for the study: interviews, non-participatory observation and published material

#### **Interviews**

The material collected during the research interviews comprises the main part of the study. The interviews took place between March 2001 and February 2002 and all were 'face to face', recorded on tape and transcribed verbatim. The choice of venue was left to the respondent with privacy as the sole requisite. All employees were interviewed at their place of work, which had particular advantages noted by Chenhall and Langfield-Smith (1998, p.364):

In all cases interviews were conducted with managers in their offices, which gave the researchers opportunities to observe the work setting, become more familiar with the company and its employees, and engender the high level of trust between manager and researcher that is so vital in this style of research (Buchanan *et al.*, 1988).

For councillors and residents the interviews took place in either the respondent's home, office or a local park. The final sample is shown in table three. The choice of respondents was determined through a process of random selection within each team. The large sample size of front line workers reflected the wish to gain a representative cross-section of views from this largest group.



A stratified random sample was adopted in preference to other variants to avoid the prospect of the research being led by a particular type of respondent. For example, non-probability samples were avoided mainly because of the emotive nature of the subject area, which could lead to particularly strong (and therefore unrepresentative) views being put forward by ‘interested’ respondents.

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**Table Four: Field Study Sample**

<b>Respondent (Reference)</b>	<b>City of Westminster</b>	<b>LB Newham</b>
Councillors (WC, NC)	4	4
Senior Management (NM, WM)	4	4
Front Line Workers (NW, WW)	8	8
Tenant Representatives (NR, WR)	4	4
<b>Total</b>	<b>20</b>	<b>20</b>

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Each respondent was advised that their anonymity would be protected, with the assurance that the no names or gender references would be made in the final written work. The only note of caution conveyed was that their responses would be recorded within one of the four interviewee categories, so some possibility of identification remained.

The interviews were unstructured in the sense that respondents were invited to offer responses to the three hypothetical areas of interest – opinions about before Best Value, interpretations of Best Value, and views on groups or individuals leading the Best Value process. The interviews were not led, by asking a series of direct questions for example, and respondents were only encouraged to expand upon areas they wished to pursue. The interviews varied considerably in length, from a few minutes to over two hours, with an average time of thirty minutes. Each interview was taped and transcribed.

The temptation to use a structured interview frame, which could have led to the possibility of a larger sample using postal questionnaires, was resisted. The reasons for avoiding a set of closed data have been implied throughout the thesis.



The method used for the field study was focused individual interviews, “allowing interviewees to talk about the subject in terms of their own frames of reference” (May 1997, p.112). This approach was used to help evaluate the perception of Best Value; to find out what matters to providers and clients.

In essence, the intention was to use qualitative and interpretative techniques to reveal what has been described as a complex, dynamic and potentially unpredictable arena of activity. A paradox may seem apparent here, in that the study relies to an extent on the use of Dunleavy’s bureau shaping model, and it may therefore seem logical that enquiry should centre firmly on those factors identified within his theory. The three general questions listed above used to structure the interviews generate an approximate frame. There exists the possibility that respondents could stray from the point at issue and this was not considered to be a problem. The crucial aspect is that free opinions were sought and the study benefited from the array of influences actors held important. The approach, as stressed earlier, allowed a certain use of bureau shaping ideas, without being bound to them.

Another reason for an unstructured approach was the wish to move away from a study that implied some form of numerical measurement underpinning the analysis; for example, ‘30 per cent of management respondents felt that their interpretation of Best Value reflected tenants’ views’. The three main problems with this approach were firstly a specific question seeking a direct, explicit and probably affirmative/negative response is an overt signal from the researcher about what is important in the research – in the example, tenants’ views. This approach is not the point of the research. The aim was to establish matters of importance to actors in the process, and not the researcher.

Secondly it was *thought* highly unlikely that any respondent would have volunteered damaging accounts relevant to themselves, the organisation, or both. In the event, this reason was on occasions not evident, with some actors producing quite scathing testimonies. Equally, however, others were quite guarded in their opinions, expressing discomfort or reticence through body language and intonation for example.

Thirdly it was not clear how a structured form of interview should be arranged, what questions should be asked of whom, and how valuable statistical analysis of that data would be. Saunders, in his study of power relationships in the London Borough of Croydon, found that “Power ... was inherently immeasurable in statistical terms” (1980, p.336). He discarded the structured interview because it was “too cumbersome and obstructive; it was not entirely clear what questions I should be asking, and it had soon become apparent that a string of prearranged and perhaps somewhat banal questions was eliciting little more than a string of prearranged and certainly banal answers” (Saunders 1980, p.336). The prospect of ‘prearranged banality’ has therefore been minimised by this aspect of method.

A further issue that required clarification was who, by definition, was a manager. Four characteristics were used:

### **1. Staff Management**

Management is “Generally held now to be achieving business objectives by mobilizing other people” (Grayson 1995, p.1129). The notion that senior managers direct the activity of others is considered apposite, although this characteristic does apply to many workers in an organisation. The remaining three aspects were therefore adopted in addition to this broad feature.

### **2. Indirect responsibility for Service Outcomes**

Downs defined a manager as one who worked permanently for an organisation, and whose “contribution to organizational effectiveness cannot be directly evaluated” (Dunleavy 1991, p.148). This is a reference to the ‘entrepreneurial’ factor of production used in classical economic analysis – that combination of acumen, experience and judgement which directs an organisation towards growth or decline. For this work Downs’ definition is a useful starting point, particularly as concerns the managers’ *direct* impact on services. Some care is needed here. A director of housing would probably argue that they are responsible for rent arrears levels. However, this is an indirect responsibility over which they have



strategic control rather than day-to-day contact. Directors do not, as a rule, engage in housing management tasks, although they do prescribe methods and strategies for others to carry out.

### **3. Responsibility for Setting Budgets**

Niskanen feels that a senior manager, or 'bureaucrat' in his terminology, can be defined as one who holds a "separate identifiable budget" (Dunleavy 1991, p.164). Problems arise with this definition because many workers in a local authority 'hold a budget'; that is they have authority to spend within certain limits. The distinction used here is the authority to set a budget, as opposed to spend within one. Even this definition can become vague as the factors that determine budget levels – internal and external – clearly extend beyond an individual manager<sup>9</sup>. The main issue here is how the budget is spent and not, necessarily, the level that is negotiated.

### **4. Rank Within the Organisation**

By definition within local authorities certain officers hold a particular rank, or level of seniority. This can be identified in a number of ways – salary, staff management, or budget size for example. To enable some consistency when looking between organisations, those identified as 'divisional' managers and above were considered senior management. A divisional manager has responsibility for a particular service area and accounts for that activity directly to either the director of housing or councillors.

Other employees that fell outside this categorisation are referred to as 'front line workers'. The resident representatives interviewed were currently elected to landlord-recognised organisations, and the councillors randomly selected from housing committee attendees.

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<sup>9</sup> A particular point here is the extent to which finance, as opposed to housing, professionals influence budget levels; for example Jacobs' research in this area "highlights the professional tensions that exist between finance officers and housing staff" (2000, p. 19).



## **Non-participatory Observation**

During the course of the interview period four open council housing committee meetings for each authority were visited. These meetings were open in the sense that any member of the public could attend and ask questions related to the published agenda. On average six members of the public attended. The setting of these meetings differed considerably.

In Newham a relatively open forum existed with members of the public sitting almost with the councillors and officers and asking questions from the floor via the meeting chair. Debate would often become lively between councillors, officers and observers. At the meeting close, all were invited to share sandwiches and discuss the events informally. None of the meetings attended finished on time.

In Westminster the public sat about 25 metres from the meeting with proceedings relayed via a public address system. Any questions were tabled and approved prior to the meeting. Very few questions were asked by members of the public, and the meetings progressed in a structured manner. At the meeting close the officers and councillors retired to refreshments, set out in a room marshalled by security guards, and to which the public were not openly invited.

Handwritten notes were taken during these meetings and despite the frequently interesting range of debate material was used on only two occasions within the study and drawn into the wider findings from the interview data.

## **Published Material**

The perception of Best Value from the organisations' documentation published to accompany the Best Value initiative is set out at the beginning of the chapter eight. The summary of the documentation provides the frame with which to contextualise the interview material and to consider the published context of implementation. There is also some investigation concerning who established the

initial footing for Best Value in general, and housing management in particular. This analysis enables a consideration of what 'quality' and 'cost-effectiveness', for example, mean locally. There is no assumption that local policy and publicity has arisen from any particular individual or group, although where a source can be suggested, this is expanded upon.

Overall, the aim of the field research is to ascertain how Best Value is being implemented, and relationships become redefined through this process, in two localities through interviews, non-participatory observation and published accounts. A relatively open frame of investigation was adopted to allow free expression and test the theoretical idea discussed.

## CHAPTER TEN

### **From Theory to Practice: Investigating Best Value**

This part of the thesis has explained the general shift in British politics and policy since the mid-1970s. The move to change local authorities from relatively monopolistic suppliers to a new form of enabling and democratised organisation has continued with the election of the 1997 Labour Government.

From the perspective of public choice advocates a key problem facing local government during this transition was senior management and their 'rationality'. They will, given the opportunity, intrinsically inflate budgets, guard information and overstate supply. These traits are not productive for the efficient supply of services and must be checked.

Drawing from discussion earlier in the thesis it is possible that Best Value could limit these tendencies. Services will be subject to new scrutiny with the requirement to be economic, effective and efficient. Costs in any event should decrease, and an important parameter here is the 'compare' requirement: local authorities must now specifically account for their expenditure relative to other providers through national performance indicators. The requirement to publish annual performance plans and five-yearly reviews opens accountability to a greater extent than that witnessed under Compulsory Competitive Tendering. In addition, the Audit Commission's Best Value Inspections will provide further exposure using a national template assessing process and performance. Aside from accountability in general, central government will be able to compare with relative ease the production and consumption patterns of local authorities, and tailor funding and priorities accordingly.

Wider observations of public choice theorists that include notions of trust, leisure maximising, and free riding as behavioural characteristics can implicitly be linked with Best Value as a policy that involves scrutiny of all aspects of activity, and increased accountability.



The problem for public choice theorists in general is the tendency of local authorities to oversupply for reasons largely unassociated with demand. They are characterised as a monopolistic supplier and a poor surrogate for free markets. Substantively they are accused of inefficient service delivery. This point of view *may* have credence. If it has, however, the argument set out here is that the conclusion has been drawn for the wrong reasons. Network effects, misplaced pluralist assumptions and structural context are all factors that must be drawn in to explain local authority activity. Public choice theorists would dispute the significance of the structural context and replace it with the concept of the political market place, driven by plural demands. Policy outcomes drive that process, and narrow public choice approaches advocate a government that marshals self-interest in provision and little else. This particular version of the principle of rationality is embedded in narrow public choice theory.

Dunleavy's theory of bureau shaping takes a different perspective. He considers sections of budget, type of agency, and the beneficiaries of particular budget change and agency by rank. He also considers strategies that senior officials could adopt to maximise their utility, and each can be linked to Best Value. Internal reorganisation and the transformation of internal work practices are a possible consequence of the strategic role of local authorities and technical requirements of Best Value. Relationships could become redefined within housing departments as managers distance themselves from operational matters and achieve the high status work practices that Dunleavy predicts. Concerning other local authority partners, the importance of housing departments has been highlighted by Government where they co-ordinate the activity of other agencies and "stimulate action by others" (ODPM 1999, p.6). There also exists space within Best Value to contract services to other providers.

The opportunity to enact these strategies and achieve the results suggested will increase the utility of managers. It may also result in a change, and not necessarily an improvement, in service provision. Herein lies the crux of Dunleavy's argument: applying pressure to public sector organisations in such a way that spending is restricted and information is liberalised can benefit senior

managers and service improvements become coincidental. This is far removed from certain public choice ideas centred on the advantages of large and insulated bureaucracies.

Realising this utility gain is not a straightforward process and certain objects of inertia have been identified. Other agents within the organisation will have perspectives not necessarily aligned to those of managers, and local authorities as a whole are open to pressure from other organisations and individuals. Finally, while it has been suggested that marketising public services in general, and housing in particular, may now be seen as more acceptable than times past, it is by no means assured that certain routes (such as Arms Length Management) will appeal to senior officials: the risk could offset the anticipated benefit.

It has been proposed to use the main thrust of Dunleavy's argument as the basis of a field study, and investigate the extent to which the shaping processes he identifies arise under Best Value. The discussion in chapter eight highlighted the need to consider the local context, interpretations of Best Value, and actor influence. From this discussion the explanation of a particular approach to the field research was detailed, and is applied in the next part of the dissertation.

# **PART FOUR**

## **FIELD STUDIES**

This part of the thesis is the practical test of the hypotheses. The research proceeds to consider the views of those closest to Best Value in practice – the local politicians, residents, managers and front line workers. These are the people charged with, and affected by, the implementation of Best Value.

The field research cover four chapters. Chapter eleven provides an account of local published material; chapter twelve contains actors' views on the pre-Best Value environment; chapter thirteen sets out the ways in which Best Value is being interpreted; and chapter fourteen establishes the respondents' views on who, if anyone, is dominant in the interpretation and implementation of Best Value.

The final chapter of this part, chapter fifteen, provides a summary of the research findings and sets out two aspects of the date: the changes that arose as the two authorities moved from Compulsory Competitive Tendering to Best Value; and the nature of the shift in relationships following the introduction of Best Value.



# CHAPTER ELEVEN

## Best Value and Housing Services – Background and Published Accounts

### 11.1 Introduction

This chapter contains an outline of the organisations and their Best Value-associated literature. This serves as a reference and locator of what the subject authorities hope to achieve under Best Value: their stated aims, methods and rationale.

### 11.2 London Borough of Newham

Newham Council has undergone a transformation over the last three years. The borough had a history of doing nothing very badly and nothing very well. Poverty in the area was always used as an excuse for providing poor services. Newham paraded its deprivation, rather than its potential (LBN 1999, p.2).

Newham has a population of 227,800 (86,300 households). Approximately one-third of the housing is council owned, with 25,000 tenanted and 2,600 leasehold properties. The council estimates that there are £200m of outstanding repairs, and the stock has a negative value of £156m, or £6250 per dwelling (LBN 1998).

Of the Authority's 60 council seats 59 are held by Labour, with one held by the Christian Alliance.

In May 1997 the authority published *Our Vision*, and distributed the document to every household in Newham. Its theme centred on economic regeneration in the Borough within selected 'showcase' areas, and an underpinning rationale that:

This vision is a belief that we need to persuade people to see Newham as a place of opportunity rather than poverty and neglect. To persuade people to live in Newham, we must change perceptions.

Consequently, we recognise that the messages we send must be positive ones and that therefore the old messages sent by Newham Needs are no longer appropriate to the kind of Newham we want to create. (LBN 1997)

To enable this persuasion and shift the perception, regeneration was put forward as the key, and Newham's leader Councillor (later Sir) Robin Wales and Chief Executive Wendy Thompson (later to head the Audit Commission Housing Inspectorate) "saw best value as a chance to look afresh at everything the council did, as a vehicle for extending, deepening and hastening change" (Open University Business School 1998, p.2).

In anticipation of the formal announcement of Best Value on 27<sup>th</sup> July 1997, Newham prepared and launched its Best Value Core Team. The authority applied to become a Best Value pilot authority, reflecting that "Best value is a means to lever real change in real people's lives and to show that public service works for people and not for itself" within the bid document (Open University Business School 1998, p.2). It successfully secured pilot status in December 1997, one of seven out of 391 English local authorities to become an all-services pilot. The bid was set in the context of 'The Vision' – "At its simplest, the message was that: 'by 2010 Newham will be a major business location and a place where people will choose to live and work'" (LBN 2001, p.17).

The council aimed to achieve three council-wide targets as a Best Value pilot: to decrease costs by five percent and to increase quality by ten percent over three years, and to move from ten percent to 35 percent externally provided services within five years. A notable part of these targets is the externalisation of services, and marked a significant shift from the Compulsory Competitive Tendering experience:

Newham Council and its workforce have traditionally been opposed to the CCT of Council services, and, by extension, to the externalisation of service provision. Almost all services were kept in-house through the various CCT rounds. Knowledge of this deterred would-be suppliers from competing for services, as they would have felt that there would have been little point in investing time and



money into constructing a bid, which would be rejected (LBN 1999, p.3)

This traditional opposition to alternative providers, evidenced by an entirely in-house mode of provision, would change. Best Value meant that the “blinkers of slavish in-house provision were replaced with the opportunity to do some clear blue sky thinking about service delivery mechanisms” (LBN 1999, p.3). This change was placed in the context Newham’s strategic capability and performance before Best Value, described as “Crap!” by Robin Wales (LBN 1999a).

The Council was clear that Best Value would not necessarily be embraced by the workforce: “the unions were originally hostile to what they saw as CCT by the back door and the consequent loss of in-house jobs” (1999, pp. 3-4). ‘Hostility’ extended to some councillors that did not accept the Best Value-externalisation link with the Council noting that there were some “who were traditionally hostile to externalisation and those who warmly embrace the best value principles” (LBN 1999, p.1). The Best Value Core Team was given the task of reaching an agreement with the unions and staff. This agreement comprised a joint statement between unions and management accepting the principles of Best Value and recognition of the rights of individuals’ terms and conditions of employment, and a meeting between 500 staff members and national representatives of UNISON and the TGWU, and the leader of the council. Through this process, the Council had:

... persuaded potential outside partners that there is a sea change in Newham and that we are serious about outsourcing some service provision [and] effected a significant attitudinal change; from: opposition to externalisation at all costs; to a more pragmatic: lets (*sic*) look at the merits, from the workforce. (LBN 1999, p. 4).

The 2000/01 performance plan *Looking to the Future* (LBN 2000) contains references to the vision as the underpinning rationale which, in turn, depends on Best Value - “We believe that we will only be able to deliver our vision if we are committed to best value and to using all our resources - people, money, property and information – effectively” (LBN 2000, Chapter 1).



The overall setting for Newham’s performance in the context of Best Value Performance Indicators is illustrated in table five, with a detailed breakdown contained in Appendix C. Overall Newham was aiming to improve key aspects of housing service performance, and while no improvement in letting time was projected for the year ahead, the target set for 2005/6 had been set at 26 days (LBN 2000, p. 151).

**Table Five: London Borough of Newham Performance**

BVPI description	1999/2000	2000/2001 Targets
The average weekly costs per local authority dwelling of management	£20.47	£18.70
The average weekly costs per local authority dwelling of repairs	£14.97	£14.07
Local authority rent collection and arrears: proportion of rent collected	97%	95%
Average relet times for local authority dwellings let in the financial year	41.1	42
The percentage of urgent repairs completed within Government time limits	95%	95%
Tenant satisfaction with overall housing service provided by the landlord	68%	70%

Source: LBN 2000 - Best Value Performance Plan 2001/2002 pp.148-152

The overall setting for Best Value in Newham could be described as ‘welcome change’ from these published accounts. Compulsory Competitive Tendering failed to have any significant impact because of the negative image of the Borough and reluctance in any case to consider alternative providers. Best Value marked a fresh approach with ‘blinkers removed’. The general impetus, and in line with Best Value, was that costs would reduce and quality would increase, accompanied by a commitment to involve other service providers. Finally, this change is presented as one of ‘managed’ consensus. Some councillors, workers and unions had not originally indicated acceptance of Best Value.

### 11.3 Westminster City Council

The Council's vision is to ensure that Westminster continues to be the most attractive and well run borough in which to live and work (WCC 2000, s.1).

Westminster has a population of 220,800 (about 102,000 households). 15,212 homes are council owned and tenanted and 8,500 are council owned leasehold properties (Audit Commission 2002, p.12). The council estimates that there is a repairs and improvements backlog of over 200 million pounds (WCC 2001, p.29).

At the time of the research Westminster was a Conservative-controlled council. The Conservative Party held 47 of the City's 60 seats, with the Labour Party holding the remaining thirteen at January 2002.

Westminster's Vision was agreed in April 2000 and was accompanied by five aims: to be the safest City; the most attractive City; a modern, successful City; and a City that works for its residents (WCC 2001a, s.2).

To achieve these aims, certain core values were set including meeting needs, working in partnership, environmental sustainability, and ensuring that staff "are well trained and empowered to ensure the delivery of high quality and improving services" (WCC 2001a, s.3). Best Value is described as underpinning these aims, and it will "maximise value for money by challenging how and why services are provided, comparing performance with others and testing competitiveness to deliver continuous improvement" (WCC 2000a, p.7).

Westminster volunteered to pilot Compulsory Competitive Tendering (VCT, Voluntary Competitive Tendering) in housing management which resulted in the formation of fifteen housing management contracts. By 1998, after some four years of competitive tendering, housing management had transformed from being almost entirely in-house to a service significantly devolved to the private sector. Council housing staff reduced from over 1000 to around 400 during this period,

and in terms of service contracts ten of the fifteen were retained by the in-house team, with three won by private contractors and two transferred to RSLs.

Table six illustrates Westminster's projected performance during the first year of Best Value, with detailed data contained in Appendix D. Costs were projected to rise in line with inflation, with reductions in real terms expected following repackaging of management and maintenance contracts in April 2001 (WCC 2000, p.25). This new system, introduced during the interview period, would involve six contractors managing seventeen 'village' areas in addition to fifteen tenant management organisations responsible for managing 2,106 tenanted homes and 1,731 leasehold homes (Audit Commission 2002, pp.15-16). Relet times were expected to remain static because of an over-supply of housing for older people, with reductions in letting times expected within three years (WCC 2000, p.26).

**Table Six: Westminster City Council Best Value Performance**

BVPI description	1999/2000	2000/2001 Targets
The average weekly costs per local authority dwelling of management	£29.41	£31.00
The average weekly costs per local authority dwelling of repairs	£18.35	£20.11
Local authority rent collection and arrears: proportion of rent collected	96%	96%
Average relet times for local authority dwellings let in the financial year	19.8 days	20 days
The percentage of urgent repairs completed within Government time limits	96.8%	96%
Tenant satisfaction with overall housing service provided by the landlord	N/A	55% (Projected)

Source: WCC 2000 Best Value Performance Plan 2000/2001 pp.27-30

The transition from Compulsory Competitive Tendering to Best Value is not readily apparent. With the exception of performance data there is no reference to



a specific Best Value-related change. The new regime is relayed as a structure upon which existing ideas and practice can be applied. The Authority's 2000/1 Housing Investment Programme strategy statement states:

The City Council welcomes Best Value as a natural development of our enabling approach to the testing of services and methods of service provision. In Westminster the competitive testing regime has already achieved many of the core Best Value principles, notably resident consultation, rigorous reviews, market testing, key performance indicators and customer involvement in monitoring. (WCC 2000a, p.14)

Best Value is presented as an evolution of past practice; the 'natural development' referred to above.

#### **11.4 Summary**

The discussion in this chapter has illustrated that the sites of the field research were characterised by a number of similarities and differences. From the published material it is apparent that the two authorities had similar levels of enthusiasm for Best Value.

In terms of projected performance the boroughs had set similar proportional targets, although differences in current standards were apparent. Newham's management costs, for example, were almost 50 per cent lower than Westminster's. In addition, Newham recording significantly higher rates of resident satisfaction. Conversely, Westminster had considerably lower void times.

The key aspect of change related to Newham. Newham's portrayal was one of a Borough characterised at one time as poor. This, the literature reflects, was not what was required and the new image sought was one of opportunity, potential and willingness to engage with the business community. Change was necessary, and once recalcitrant staff and unions appear to have embraced the reality of Best Value together with residents, politicians and management. The message was one of common purpose, with the Best Value initiative providing the prospect to

approach the future with 'blue sky thought'. Change and consensus marked the arrival of Best Value with a commitment to *become* a thriving borough.

Westminster did not have to reorient its general approach with the arrival of Best Value. Their experience of Compulsory Competitive Tendering and the move to contracted services coincided with their interpretation of Best Value. For Westminster continuity and consensus characterised their experience with the expectation that they would *continue* to flourish.

# **CHAPTER TWELVE**

## **Pre-Best Value Context**

### **12.1 Introduction**

The aim of this chapter is to establish the experiences of those involved in housing management prior to Best Value. This aim corresponds with earlier questions set associated with the hypothesis that the implementation of Best Value will be influenced by past practice and circumstance. The chapter is structured according to the themes that arose: political context, service organisation, competition, service standards and consultation. These themes are summarised in the chapter summary, arranged by respondent group.

### **12.2 Political Context**

#### **Newham**

Newham, at least until the early 1990s, had been a 'traditional' Labour borough, with a strong commitment to public services provided by the local authority.

Prior to Best Value, and roughly coinciding with the introduction of Compulsory Competitive Tendering, NC1 noted:

A change of philosophy in 1994 – we moved from being a Borough that was negative, to a Borough concerned with financial stability, looking for a quality of life for everyone who lives and works in Newham. A few young councillors got in and had this idea, we can look at ourselves, and bring more money into the Borough.

Similar feelings were expressed by two other councillors:

We shared the perception of the leader, we needed a mechanism of establishing value for money, for improving delivery and efficiency. We were concerned about industrial relations, there was a strike



between 1992 and 1993, a disruptive trade union, a producer oriented bureaucracy, a need to establish a modern mechanism (NC2).

Before Best Value we had this dissatisfaction. Less strategic direction, more reactive, a more fraught relationship with central government, I don't think we would have been given the accolade of council of the year under the previous administration. Thinking about things has really been the impetus. The change in the character of the council from about [19]86 onwards has been that there has been a great thrust. We are not going to be seen as a one party state, with all the corruption, but as vibrant, forward looking (NC3).

Newham councillors' feelings on the time before Best Value were almost exclusively confined to these broad statements on strategy and political mobilisation. Around 1993 there appears to have been a realisation that severe problems existed in Newham. Negativity, poor value, a self-interested and possibly corrupt local authority, and industrial unrest led to poor housing services. The problems to be addressed included image, attitude, efficiency, trade union disruption and the relationship with central government. There was however optimism centred on the "few young councillors". The problems, from these accounts, arose because of a local administration with no redeeming features. The solution would come from political leadership.

A different perspective of the leadership was revealed by two of Newham's front line workers. The first point remarked on was that the management 'type' had changed over time, for example:

They used to recruit according to people they thought would do a job for the community, now they want people who can do a good job at monitoring and reporting and producing good figures (NW1).

The 'they' in this extract is a reference to the local political leaders, and it is here that the most important change occurred:

[Councillor Robin] Wales used to say before he became leader, was 'I work in the private sector, I work as a manager in British Telecom, and we can get staff to do this with no problem, you know, we've got call centres, we've got shift work, we've got all of the customer service stuff we want, why can't you do it, I don't believe you can't do it. The service is different, and I'm going to make you do it' (NW1).

The 'you' was a reference to the entire workforce of the local authority, and this could be achieved at senior management level as follows:

They leaned on senior officers, they got people out they didn't want, and they told Andy Jennings<sup>10</sup> they weren't going to renew his contract so he had to go, they got people to retire all over the place, they got rid of loads of senior housing staff, and in other departments, and brought in younger people more like themselves. Lots of New Labour type managers got dropped in. Lots more agency staff as well run by a sort of housing consultant (NW1).

Newham's vision was mentioned in chapter eight as the underpinning rationale of the service change – the NW1 summarised it as “meaningless load of old clichés. It's like Robin Wales got one of his customer service statements from British Telecom<sup>11</sup> and just changed the names”. Concerning the vision NW3 felt: “You could consider it as a fascist doctrine. I see it as having undertones of excluding people who should be included. There are political pay offs, at the expense of certain people”. As for why Robin Wales should orchestrate such an elaborate and contrived scheme of local authority metamorphosis, NW3 continued: “Possibly because he believes it, but probably for career and political ambitions. We all know he got his knighthood for services to local government – he toed the line and that was his reward”.

These accounts could not be verified by reference to the other respondents' replies. Three of the four managers interviewed were in post during Compulsory Competitive Tendering, and only one mentioned pre-Best Value Newham in political terms. NM3 felt that Newham considered Compulsory Competitive Tendering purely on its merits to drive improvements in services, and not a sign of sycophancy:

We had eighteen years of Tory government, and a lot of that impetus for change came because we were a Labour borough, and didn't accept the fact that just because you have a Tory government you have to give up your principles, your service orientation.

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<sup>10</sup> Newham's Director of Housing 1993-6

<sup>11</sup> Councillor Wales' employer



This raises the question of where the dynamism originated if not from politicians and directors who 'come and go'. NM3's account *appears* to relate to a notion of a Labour 'authority' 'naturally' synonymous with quality public services. However, and as shown from the councillors' accounts, it seems clear that Newham's 'Labour' did undergo change in the mid-1990s, and it would therefore be logical to relate NM3's comments to the newer (and current) political administration.

None of the Newham residents discussed this period in a political context.

### Westminster

When asked for their opinions on housing management services prior to Best Value the Westminster councillors mentioned the authority's image. WC4 described Westminster as "clearly controversial" prior to the mid-1990s after which it "stopped doing the more controversial things". While WC4 did not expand on the 'controversy' WC1 offered a perspective on Dame Shirley Porter's period of leadership (1983-91) and mayoral office (1991-92). Describing Porter as "very wise and very plugged in to keeping up appearances" the councillor continued:

She proved to be very popular, and you can't take that away, people wish they'd thought of it first, and that legacy brings bad things, but there is a difficulty, it's an outside perception thing, even if the cemeteries and the asbestos and all of that hadn't been there, because Westminster is essentially so rich there's a lot of belief that problems can be solved in borough.

This suggests a picture of an image-conscious authority tainted somewhat unfairly by past events. Within the authority during the 1990s, and before Best Value, WC1 recalled that the relationship between housing management and councillors was fruitful with "no acrimonious them and us".

WC2 remarked of the period that the authority was set on divesting itself of housing responsibilities:



It was the stated policy of Shirley Porter to eradicate council housing. She was quite successful. The staff didn't have much choice, they either sang to her tune or disappeared.

The 'Porter Years' was a sensitive subject for the Westminster politicians and the impression gained was one of image building and consolidation:

There's a perception to deal with whatever happened in the past, and it's awfully difficult, and I would say that housing have done a lot of work on this, to align with other local authorities (WC1).

Only one other Westminster respondent, a manager, made a link between political leadership and past practice, stating that the move to Compulsory Competitive Tendering was prompted by "a political will to see how the private sector could operate" (WM1).

### **12.3 Service organisation**

#### **Newham**

For the managers in Newham, Compulsory Competitive Tendering created divisions within the authority between the 'contract' staff (those that delivered the service) and the council's client unit (those that monitored the service): "We should have been talking to tenants and delivering a service rather than looking over our shoulder all the time" (NM3). This was a reference to the client unit ("I wouldn't necessarily call them colleagues"), and the manager continued:

We spent five, six years plus, more with half the council on our backs, coming down to our office, descending on us, spending hours poring through our files, and seeing the ways we were doing things (NM3).

A more general point concerning the difficulty in justifying the split within the authority in this way was made:

It was always going to be difficult to explain to clients why a group of people, the client team, which didn't actually see the public was the area of growth, and the area of diminution was the contractor

team, which was given the service. It was never possible to explain that properly, so we didn't bother to try (NM1).

The monitoring arrangement was clearly an area of friction for these Newham managers.

Two of the Newham front line staff felt that Compulsory Competitive Tendering brought added bureaucracy with significantly more checks (NW1) and paperwork (NW8). Residents, councillors and Newham front line staff offered no comments on service organisation. The issue of competition, rather than the way in which the competitive environment was organised, evoked a range of responses detailed in the following section.

### **Westminster**

The Westminster managers also recalled aspects of service organisation. Prior to Compulsory Competitive Tendering the City had undertaken decentralisation of housing management: "We invested a lot more in decentralisation than other authorities, and actually operated at seventeen estate based offices in the mid-eighties. I think we were ahead of our time" (WM2). On the negative side one manager felt constrained by its strictures of Compulsory Competitive Tendering – "I found CCT to be far too prescriptive". Most of the negative comments recalled managers' concern with the bureaucracy that arose with the Authority's approach to Compulsory Competitive Tendering. Considerable diversity existed within the fifteen housing contracts, with over 300 sub-contracts for different aspects of estate services, a situation described as "Problematic. Everyone was blaming everyone else, and a failing contract became very difficult to manage, and it was easy for the provider to say it was not our fault" (WM1).

Further, monitoring these contracts presented difficulties which prompted a simplified measurement system:

The first couple of years there was incredible scrutiny and monitoring, and I think that was very much a Westminster approach, and once we got away from that degree of monitoring, we rested on

the eight key, down from 32, performance indicators, things started to flow a lot better (WM3).

On positive recollections of Compulsory Competitive Tendering in Westminster, two comments were made. Firstly, “One of the real benefits we had with CCT was that it was a wonderful opportunity to internally benchmark” (WM1). This was a reference to the possibility to compare performance with other providers in terms of cost and quality, across and within the authority. Secondly, the split enforced by Compulsory Competitive Tendering between client and contractor was considered to be a bonus:

The client contractor split has actually moved Westminster along. It's because the contractors can focus on the service exclusively. They are free to deliver the service, and the client can sort out the democratic and bureaucratic processes, so I don't see it as an obstacle, I see it as a must (WM2).

As a final point related to the organisation of services, two respondents commented on the impact of service changes on employees. One Westminster councillor was “concerned about people's rights at work. They were swept away” (WC2). This was a general comment about all workers in Westminster's housing management service: the staff ‘contracted’ from the local authority and new employees. A Westminster manager also recalled the effect that process of tendering had on staff:

Inevitably there was a painful process that was gone through in the first-round of CCT from the staff's perspective. I don't think there was a very clear understanding about what the potential service improvements were going to be under CCT, but once we had gone through that pain we became very focused, output focused, and we had learnt to let go. (WM3)

The manager did not elaborate on the nature of difficulties faced by staff at this time. It is interesting to note that none of the Westminster staff respondents recalled ‘pain’, leaving the possibility that any staff affected had left the authority, or the sample did not include those that may have endured that situation for example.



## **12.4 Alternative Providers**

### **Newham**

The Newham cohort had no direct experience of external service provision: “the private sector that people thought was out there was never out there” (NM3). There was no other commentary relating to non-local authority providers during this section of the interviews from the Newham respondents.

### **Westminster**

Two of the Westminster councillors with experience of contractors and contracts provided opinions on the City’s contracted services. WC1 identified auditing anomalies that accompanied the Compulsory Competitive Tendering process where certain costs were concealed:

When things went wrong, and they have to send a team in at a cost of one million pounds to put things right, that never got mentioned. So it’s [the published savings] a completely fictitious figure in lots of ways when you look at it over a period of time, it reflects the set of rules that applied on that particular day.

This was important to WC1 because of the “obsessive and constant” updating of the apparent cost advantage Compulsory Competitive Tendering brought. The publicising of possibly misleading financial advantage was one aspect of Compulsory Competitive Tendering. Another related to contractors and contracts:

We go time after time, I’ve sat on the contracts committee for a few years, and we go through this process and the initial people just peel away in quite rapid progression, and there’s an awful lot Westminster is involved in (WC1).

WC1 felt that the ‘peeling away’ was due to “immature markets and overly complex contracts”. An additional aspect of the tendering process was provision for contingencies, whereby the council could withdraw a contract with relative ease in, for example, cases of non-compliance: “I know you have to pay for get-

out clauses, and I think on balance that's not something that Westminster are willing to do, they'd rather have it cheaper and take the risk".

The suggestion here is that 'Westminster', and it is not clear who specifically within the City WC1 is referring to, was prepared to adopt contracts with faith in the implementation clauses negotiated at the outset, and forgo the insurance offered by 'get-out' clauses. This strategy was of particular significance with the "high impact" housing benefits service which, "instead of costing ten thousand pounds, cost ten million pounds". Overall WC1 concluded: "It was just done on a quick and cruel basis, if the bidders came up with decent solutions, some sort of vision, and the lowest price, then they were taken". WC2 was critical of the calibre of staff contracting brought: "Contractors weren't necessarily contractors, they could have been bus drivers taking a couple of months off work".

These comments from two Westminster councillors suggest that the authority's approach to using alternative providers was compromised by the availability and quality of contractors and by inadequate contract specifications. The managers' comments were confined to administration of contracts.

The remaining Westminster respondents, the staff and residents, did not comment on contracted services before Best Value except in the context of service standards, discussed below.

## **12.5 Service Standards**

### **Newham**

In Newham NR1 reflected that before Best Value services were “fairly poor – cleansing, street cleaning, hardly ever see a sweeper on the estates. Repairs - it was such a long drawn out process”. NR2, before becoming involved as a representative and before Best Value, was ambivalent about council services: “I just paid my rent and didn’t bother with anything else”. However, there was clearly a reason for NR2 to stand as a representative, and this was expressed in two ways. Firstly, the opportunity to become involved arose because of unemployment, and secondly “half of us was getting, and half of us wasn’t. That’s when we got together and decided to get something going”. The ‘getting’ was a reference to general estate improvements and day-to-day management, and is recalled in further detail below within the Best Value section, where the respondent attributes change to the Best Value period. At this point, the issue appears to have been that some residents did receive what NR2 considered to be satisfactory levels of service, and other residents were excluded.

The only manager to comment in this context felt that Compulsory Competitive Tendering involved a financial focus on particular services, which led to some poor service delivery and led to aspects of housing management becoming overlooked:

The tenants did not get a good service under CCT, they got the residue, after the rate of return was organised. The first thing was not to fail on a job, so we got maximum bonuses. The second thing was to deal with aborted calls, you know, where they knock on the door with a feather. I think the tenant suffered under CCT (NM4).

Despite recollections of ‘crap’ services by the Leader within the published accounts (above, chapter nine), no councillor reflected on poor services during this period.



## **Westminster**

The Westminster councillors were not impressed with the quality of housing services prior to Best Value. WC1 added to the comments above concerning service providers: “What surprises me is that they’re expected to deliver while there’s been little competition”. There was an inference in WC1’s account above relating to ‘get out’ clauses that services were not to the standard expected. WC2 noted that once contracting started:

We began to see a decline both on operations and maintenance levels, because what it meant in practice was the cheapest alternative. Repairs, generally, done less effectively.

These comments were broadly mirrored by the residents’ representatives. WR1 described Compulsory Competitive Tendering as “meaningless as a policy” that “didn’t mean anything to tenants”. Savings that arose through the implementation of Compulsory Competitive Tendering were “of no benefit to tenants at all, rents didn’t go down, and lessee charges remained the same, so they were still just as inefficient”. WR2 reflected that housing services during Compulsory Competitive Tendering were “poor”.

Service standards prior to Best Value were not cited as ‘good’ by any respondent. Residents expressed most dissatisfaction although their comments could not be described as emphatic. The final element covered in the following section as singled out by the respondents, and one which might be expected to receive commentary from residents in particular, is consultation.

### **12.6 Consultation**

## **Newham**

Newham resident representative NR3 commented on frustration related to participation. While “the one thing they’ve always encouraged in Newham is tenant associations”, NR3 described the relationship as a series of “puppet meetings” at which information would pass to the residents, with no opportunity

for feedback: “Consulting the tenants is not giving them a report, not giving them a glossy paper on how wonderful tenants are, not giving them a written vision on ‘this is how Newham’s going to go’”.

Similarly one Newham manager felt that Compulsory Competitive Tendering “broke the link between housing management and tenants” (NM3). There was a sense that tenant consultation and accountability was neglected with the drive to adopt the Compulsory Competitive Tendering agenda: “Some of the basic things in the balance of a comprehensive service did get a priority under CCT but certain things like tenant liaison, tenant consultation, I think a lot of that got lost” (NM3).

The remaining Newham respondents did not comment on consultation at this stage in the interviews.

## **Westminster**

Each of the Westminster resident representatives voiced ardent opinions about the state of resident involvement before 1997. WR1 ascribed the departure of Lady Porter with a revival in participation, when:

Participation became more meaningful after 1993 or 1994 when she left. We established the panel as the body for statutory consultation. Bayliss<sup>12</sup> arrived with a different outlook.

However, WR1 described the subsequent routes for expression, despite the new forum for representation, as “Superficial. Changes happened which didn’t work”, and “The tenants never felt they were getting anywhere, a talking shop, we were told what they were going to do, and they did it”. WR2 recalled:

Yes, they consulted, but at the end of the day a lot of the things we told them about and things we weren’t happy about were just glossed over. When you look back you could say ‘Yes they did consult us but they didn’t take our ideas on board’.

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<sup>12</sup> Vic Bayliss, the Housing Director appointed at that time. Mr. Bayliss was still in post at the time of the research.



Around the beginning of 1998 the entire consultation framework “broke down” (WR1), and the lack of organised representation remained until 2000, at which time “It was a traditional interface between tenants and the organisation. A complete distrust between the tenants and the City Council” (WR3).

In Westminster in 1998, five years into Competitive Tendering, the relationship between Westminster’s resident groups and the authority “was in a very sad place” (WM3). WM1 attributed the situation to “a personality thing”.

A significant aspect of resident involvement for one Westminster manager involved the consideration of the leaseholders who bought their homes under the relatively advantageous discounts available prior to 1999. Over one third of residents to be consulted were leaseholders. The manager held this characteristic to be of significance in the way services were delivered, and:

It had far more impact than CCT in the way that we responded to residents’ requirements, because then we had an influx of incredibly articulate and demanding residents, and as a result we had to shape up significantly, and as a result our service improved right across the board, the speed and manner we respond to inquiries” (WM3).

This could be considered as being advantageous to leaseholders, for whom the service ‘shaped up’. Prompt responses to enquiries would implicitly be advantageous to all, although two elements should be highlighted. Firstly services significant to tenants may not hold the same significance as services for lessees. Examples here could include transfers, internal repairs, mutual exchange and rent collection methods, which are of no direct importance to leaseholders. Secondly, management services such as nuisance control, estate cleaning and major repairs are of interest to lessees, and there is a suggestion that services could have been skewed towards these activities before Best Value. One manager commented that “Leaseholders tend to be far more vocal about issues such as nuisance” (WM2), although there is no evidence here to suggest that ‘tenant-centred’ or more general services suffered as a result of this growing and ‘incredibly articulate and demanding’ group of residents.



Neither 'shaping up' nor leaseholder-tenant distinctions were identified by WM1, who commented simply in this context: "It was evident that residents didn't feel able to influence the service".

None of the Westminster councillors or front line staff associated issues of consultation with the pre-Best Value era.

Resident involvement in decision making does not appear to have been a strong characteristic of either Council before 1997. The situation in Westminster was especially ominous, settled in the 'very sad place' of mistrust and dissolution of formal structures of liaison. The suggestion of lessee favouritism is a notable aside.

The following section contains a summary of the pre-Best Value interview findings and the link with the next chapter.

## **12.7 Summary**

The aim of this section is to set out a summary of the research findings in this chapter in two ways: firstly, by theme according to respondent; and secondly an analysis correlating respondent's data.

### **Compulsory Competitive Tendering : Actors' Views**

#### **Managers' Experiences**

Overall, it can be summarised that managers in Westminster and Newham had considerable reservations about Compulsory Competitive Tendering although it should be stressed that criticism was centred on the way in which it was enacted, the method, rather than the principle of tendering services.

The most obvious area of departure between the Newham and Westminster accounts concerned the client-contractor split, with Westminster managers in

favour, and Newham managers against. This difference in opinion draws attention to two highly significant local circumstances. Firstly, Westminster's 'contract team' did not include managers at director or assistant director level. The Westminster managers interviewed here were client managers under Compulsory Competitive Tendering, and as such were not in the position of having to *directly* make their services perform to Compulsory Competitive Tendering standards: they had to instruct others what to do. The Newham managers were operations or contracts managers under Compulsory Competitive Tendering. NM3 remarked that the client unit were 'on their backs' throughout Compulsory Competitive Tendering because the pressure was on managers to perform in an operational, rather than a strategic, sense. The second local circumstance that gave rise to this difference in managerial remit was that Westminster had been successful in tendering a large proportion of its service to non-council providers. Managers in Westminster were charged with the role of enabling this transition, whereas the Newham managers created an artificial Compulsory Competitive Tendering environment simply because, it was argued, no tenderers could be found.

The Compulsory Competitive Tendering experience had resulted in the creation (or consolidation) of 'strategic' Westminster managers and 'operational' Newham managers. This situation favoured the Westminster group, particularly following the simplification of the contract system they managed.

Managers also expressed concern about the low levels of and commitment to resident involvement.

### **Residents' Experiences**

As an overall point from the responses recorded for this research, it would be fair to conclude that none of the interviewees reflected favourably on housing management under Compulsory Competitive Tendering. It would therefore be expected that a change in approach would be welcomed if that change recognised past failings and put in place constructive structures for remedy. Despite the disparate nature of the views recorded, two common themes can be identified.



Firstly service standards, and the terms 'poor' and 'fairly poor' were used by representatives in both authorities. However, as this indication was not unanimous, it is difficult to conclude that this was a matter of 'urgent' importance for the residents. Further, it is unclear where the problems lay, whether with management, systems of work, front line staff or reporting access for example. Because the representatives replied in general terms, without specifically identifying an aspect of housing management, it is suggested that the overall expectation for both authorities was for a general improvement in services.

Secondly, the issue of resident participation evoked a similar response with different emphases. The ardent statement from Westminster respondents revealed a deep dissatisfaction with the participation structures during the short time of their existence. The situation in Newham, however, was not so clear. Only one representative recalled a pattern similar to that of Westminster, and expressed dissatisfaction with broad policy decisions – in the extract cited centralisation. The distinction between consultation on broadly strategic decisions and local matters of policy implementation is illustrated greater with clarity in the chapters on Best Value interpretation and influence. At this point in the analysis, however, it can only be concluded that some dissatisfaction with participation arrangements in Newham were voiced. In terms of expectations from Best Value, it could be deduced that *most* of the residents would welcome some means of assurance that their opinions counted towards shaping services.

Appropriately, perhaps, these criticisms of housing management under Compulsory Competitive Tendering are precisely those identified by the Government and leading to the introduction of Best Value. Improvements in quality of services and engaging residents through the Tenant Participation Compact are central features within the Government's guidelines to authorities. Also, in the same sense that Best Value guidance contained little except negative reference to Compulsory Competitive Tendering, the resident representatives had no positive recollections of the period.



## **Councillors' Experiences**

The Newham councillors summed up the time before Best Value as a period of difficulty, conflict, and poor service delivery. The overriding sense was one of intense frustration at the entire organisation. They wanted quality of life for the people of Newham, a modern mechanism to achieve this, and to be seen as 'vibrant and forward looking'. It was also presented as a time of optimism as changes appeared to be happening centred on the drive from local politicians in general and the Council leader in particular.

It is difficult to generalise from the Westminster councillors' responses because the opinions were quite diverse and only two of the councillors could offer direct experience of the period before Best Value. However, it would be reasonable to deduce that Westminster councillors would want to be removed from any controversy that might have existed in the recent past. Minority views on poor services, hidden costs, incompetent contractors and poorly specified contracts would suggest remedy in some or all of these areas are important. The main consensual themes appear to be that none expressed principled rejection of contracting housing services, and a liberal non-controversial image in method and practice.

Two quite different sets of issues existed for the Westminster and Newham politicians prior to Best Value. In Westminster the emphasis was on image building allied to a cautious conservatism in their approach to service delivery. In Newham the clear and emphatic message was one of image change. Councillors wanted a modern, efficient, investment rich environment for their housing service users.

## **Front Line Workers' Experiences**

This chapter contains very few references to front line workers' contributions. Most of this group did not readily ascribe any difference to what was happening before the arrival of Best Value. For example, the interview would start with the question "What was your experience of the pre-Best Value era?" and the

respondent would ask for clarification. The question was rephrased: "Can you recall anything good or bad relating to your job or the services you delivered before Best Value?". This did, in general, elicit a 'not really' response from most of the respondents.

For Westminster this result does tend to confirm the notion that Best Value in practice coincides closely with previous methods of service delivery. For Newham summarising is rather more difficult. Two of the respondents did offer highly expressive accounts of a 'fascist doctrine' and councillor-placed 'New Labour-type managers'. While these respondents were patently not happy about the pre-Best Value situation their contributions offer more to 'how' and 'why' events unfolded, rather than 'what' happened in terms of services prior to Best Value.

### **Collective Experiences**

Respondents emphasised particular topics that could be seen as matters of importance; the 'problems to be solved' or 'practice to be continued' by respondent group. In many ways the results were predictable: councillors' comments on political matters; managers on service organisation; residents on consultation and service standards. In other words these were matters of importance to the respondents, and it may be thought likely that they would continue to be important under Best Value.

In terms of shared experience and expectation the broad finding was that Compulsory Competitive Tendering was not a popular policy. However, this view was formed from different perspectives.

Both sets of managers commented on the restrictions imposed by Compulsory Competitive Tendering, centred mainly on the work generated through contract tendering. Newham managers were also frustrated by monitoring within the organisation. Residents and managers were generally unimpressed with levels of consultation, with the overall sense that engaging service users had become relegated beneath the drive to comply with tendering requirements.



Councillors of both authorities were concerned with image, although again this arose from different standpoints. Compulsory Competitive Tendering had generated friction between Newham's workers, managers and residents, culminating in poor services. Newham councillors' borough had become synonymous with malaise and pessimism. For Westminster councillors the problems arose from controversial decisions, and a possibly inattentive approach to contracting.

Having established that Compulsory Competitive Tendering, or at least the time of Compulsory Competitive Tendering, was marked with difficulties it should be highlighted that very little dissent was directed at the principle of contracted services. The main criticisms were centred on the coercive method and compromised implementation.

In considering these perspectives it is significant to note where the apparent cause of these difficulties lay, and in this respect two factors can be identified. Firstly, Compulsory Competitive Tendering was singled out as problematic, in that compliance generated administrative burdens of little benefit to service provision. This view was propounded by, in the main, managers. Secondly, poor communications and rapport within the organisation. This was most explicitly illustrated in the relationship between residents and the local authority, although strong indications of antagonistic relationships between the Newham's politicians and senior management and front line staff were also apparent. The sole example of a productive relationship arose between Westminster's management and councillors.

This issue of collective experience is considered again in more depth in the summary of the following chapter where interpretations of Best Value are considered.

The findings presented in this chapter have been useful to set the context and understand the interface, and the characteristics, of the pre-Best Value environment. It might be expected that for those who identified deficiencies



under Compulsory Competitive Tendering, such as the lack of resident involvement, internal conflict and poor image might 'push' to achieve change.

A task for the next chapter is in part to establish whether Best Value is, or indeed can be, interpreted in such a way that the limitations of Compulsory Competitive Tendering can be addressed. Newham was clearly not successful in the implementation of Compulsory Competitive Tendering. Would they continue to face difficulties under Best Value? Would the 'spirit' of Best Value be adopted? Westminster clearly was aligned to Compulsory Competitive Tendering and therefore, by the reasoning suggested in chapter eight, ready to adopt Best Value. The next chapter evaluates the importance of this matter of expectation together with actors' interpretations of Best Value.

# **CHAPTER THIRTEEN**

## **Interpretation of Best Value**

### **13.1 Introduction**

The aim of this chapter is to set out how the individuals and groups interpreted Best Value. The objective is to summarise and correlate the views expressed in terms of construal between and within the groups in two ways: the way in which Best Value addresses the issues that arose during Compulsory Competitive Tendering, and the implications for actors.

The interview findings are presented by respondent group, rather than identifiable issues as in the previous chapter. Two reasons for this choice are given:

1. Certain groups provided far more material than others, and listing issues arising would tend to 'swamp' some of the respondents. This comment applies particularly to senior management, who provided lengthy answers to questions and complex opinions on Best Value. This does lead to an imbalance in the length of sections in this chapter. The reason for this is the length of contributions combined with required explanatory notes, rather than any implied correlation between length of contribution and the significance attached to it.
2. From chapter nine certain matters of importance were identified with particular groups. By setting out group opinions that relationship can be reconsidered.

The chapter is organised by respondent group alphabetically, and concludes with a summary of their interpretations and expectations of Best Value.

## 13.2 Councillors and Best Value

### Newham

The opening response to the question of interpretation and expectation evoked a series of replies notable for the emphasis on what Best Value was ‘about’:

It’s not just about housing, it’s our corporate philosophy (NC3)

It’s easier to say what it’s not. You can look at the legislation, but the way it impacts on us, in order to create a culture, you see it’s more about culture, to keep services in-house, moving away from competitive tendering, which has a lot of rigidities, to one of multi-variate analysis, best value is far more vigorous and rigorous. And it’s impacted on us; we’re more interested in quality issues. (NC2)

NC2 and NC3 related the significance of Best Value as the cultural and philosophical basis of the Council’s activity. In terms of operational change NC2 noted a new flexibility within Best Value accompanied by ‘vigour and rigour’, quality and maintenance of in-house services. NC1 gave a similar reply stating that Best Value “is the best possible service at a sensible price, not the lowest, but the best balance of delivery and expense”. Departing from NC2’s remark that Best Value is synonymous with in-house services NC1 added “It’s without looking at whether the provider is public or private”.

With some initial differences of interpretation about how Best Value would shape services, the councillors did mark the policy as highly significant in terms of its effect on the organisation.

When asked to elaborate on their initial views certain points of focus arose: costs; certain practical difficulties that had arisen; inspections; performance; and consultation.

Having mentioned cost in the initial response NC1 provided an example later in the interview:



We have made savings, in terms of the service centres, considerable managerial input, structured way, we've learned the lessons of housing benefit, more structure, more considered. We did have 72 housing officers, now we have 28 community officers, they've got bigger patches, the financial benefits are in, but we need to keep up the pressure.

Savings, such as those envisaged with the new management of the housing benefit service, would be achieved in a different 'more structured' way. Part of that structure is mentioned in the extract above, with the reduction, reoriented workload and renaming of the housing officers charged with managing the Borough's 27,000 council properties. While responsibilities had changed for front line staff, concern was expressed by NC1 concerning the support they would receive from the 'back office' support staff:

I think I would like to see more focus on the back office, such as ASB [anti-social behaviour], we have a new Director of Housing and Community Services, we do need good performance management, keep up the pressure, all voluntary redundancies though, keep up the performance gains, save the money, push up the performance. I think we do OK, we need to focus on getting the performance gains.

NC1 was optimistic about the dual-track Best Value requirements of reduced cost and increased quality with a tacit acknowledgement that improvements could and should be achieved. In suggesting Newham had "become more interested in quality issues" with the arrival of Best Value. NC2 felt that the Council "may on retrospect have taken on too much when we should have been doing things". This was a reference to the monitoring and inspection preparations, important because "Newham has a reputation to uphold. I think we have to prove that we're open and transparent and all the rest of it". While recognising their importance NC2 did express some irritation with the inspections and monitoring:

You're not always driven by the outside world telling you you have to be inspected. We can say we need to be inspected, and have other people say what's going well. It would be nice not to have to wait for the consensus. We can do grids and mapping, and we can all ask awkward questions.

NC3 praised the introduction of the Best Value performance indicators which had “focused on absenteeism and made it easy for us to target poorly performing parts of the service”. The councillor continued: “The new culture means we do whatever’s necessary. I’d rather people live in places with gardens. I wouldn’t want to live in Canning Town. It’s not social engineering. It’s Best Value”.

## **Westminster**

The Westminster councillors described Best Value with ambivalence. In general there was concern that the required processes may ‘weigh down’ service delivery. There was also a sense of qualified optimism. WC4, for example, “groaned a bit when it came in”, and although the councillor had reservations about the application of Best Value to council activities other than housing it was not “a particular burden”. The point for WC4 was that Best Value “is useful and it need not deflect you”. The usefulness was a reference to the inspections which could “build trust in a way of doing things” and the ‘Compacts where “relations [with residents] are very good and people feel involved. They think their input is being taken on board”. There was however a strong sense that Westminster would have taken these issues on board in any event, and will pursue their course regardless of Best Value provisions:

We have a political agenda in housing which is politically uncontroversial ... we’ve stopped doing things which are more controversial. I don’t think it has made the change, but it has helped the change become recognised. (WC4)

This extract reveals an additional point: the ‘politically uncontroversial agenda’. This was not “ideologically driven” or:

... using Westminster’s housing stock as a tool of social engineering, in reality it has become a fairly unideological council, and I think that’s a good thing. I don’t think Best Value made that happen. It came too late for that, but it helped people recognise that it happened, and that has been useful. (WC4)

The usefulness of Best Value is seen in terms of a means to distance the City (‘has become’) from any ideology with which it may have been associated. This



point, in addition to improved communications with residents, summarises WC4's interpretation of Best Value.

WC3 described Best Value as "another word for management by objectives, but it doesn't do any harm to manage by other people's objectives". 'Other people' was a reference to residents. While the councillor felt that "so far I think it's very good" a concern related to the amount of time spent aligning with the requirements of Best Value when:

Our officers are ahead of the game. Let's start and not wait, a lot of officer time is spent producing the paper to fit in with the new system. There's a career, an industry, there in just writing the stuff (WC3).

This echoes WC4's reference to 'doing it anyway' with the added burden of increased administration. Related to this point of aligning to the requirements of Best Value WC3 added that "when we get it working this Government or the next will say 'Do it differently'".

WC1 explained Best Value in terms of a recent event where "the new regime makes complete and utter sense". This was a reference to the form of contract administration where the council would oversee the work and performance of individual contractors:

It's extraordinary how all these hybrid contracts could have manifested themselves, and expected anybody to be able to get the best service. It can't be seen as giving the best service ... it's taken a long time for the people in this organisation to realise that people don't really care if they have to wait so long as they know it's going to be done (WC1).

The new system replacing the 'hybrid contracts' involves area contract administration undertaken by separate contractors, in turn answerable to the council housing department. This change was not however attributable explicitly to Best Value by the respondent. Another aspect of the Best Value era, as opposed to the actual process, was staff continuity. While "Most staff who were unhappy left long before the change" staff turnover remained an issue for WC1: "The thing people bitch about incessantly is that they have one housing officer



one minute and another the next". The councillor gave a personal example of the staffing issue:

My worry is that some of those who have gone have been slow to be replaced. The other week I asked for a key fob, and asked if they needed it back, and they said 'No, no one's covering that', so you do pick up on that, and I did pick up on it (WC1).

Again this was not directly attributable to Best Value process, rather the wish of certain members of staff "adamant at wanting to stay in the public sector" with "no magic solution" to their loss. WC1 therefore chose to describe Best Value in terms of certain events that happened, or continued, since the introduction of the policy. Best Value would not prove to be a 'magic solution' to staffing difficulties, although the processes had not deflected the contract organisation initiative.

WC2 felt that while "We haven't seen the results yet I hope it's not a form of CCT" adding: "I'm convinced Best Value is about finding the cheapest method". On consultation WC2 believed it was "difficult, people become so jaded because nothing ever materialised" although the inspections "should be good and hopefully iron out problems". WC2's account projected many of the concerns expressed in the previous chapter about the change from Compulsory Competitive Tendering to Best Value, although a sense of cautious optimism was placed in the inspections as a possible check to contractual ambiguities.

WC2 was the only respondent during this stage of the interview to link Best Value with the medium-long term housing service, stating:

Arms Length Management has been prompted by Best Value and coerced by Government. It's a good idea, well, better than anarchy and has more accountability than we have at present.

Having given their initial impression of Best Value the key concerns and attributes were expanded upon during this section of the interviews and three themes developed: consultation, performance indicators and inspection and monitoring.

On consultation WC4 felt that since Best Value and the introduction of the 'Compact the new system was "successful, relations are very good and people feel involved". On the other hand WC4 felt "sceptical given the unbelievably low levels of participation". WC3 mentioned the inclusion of residents as an initial response to what Best Value means and continued: "Residents get the feeling that people are listening to what they have to say, but they may come up with some strange or unworkable ideas". Despite this comment concerning the usefulness of resident input councillors did feel that consultation had at least improved from times past.

Concerning performance indicators, WC1 expressed concern about differentiating between areas:

They give you a broad benchmark to get a quick picture, it's what you're not being told which is often the problem ... I'm conscious that there's a Rolls Royce service going on in one area and a pretty poor service on another.

While useful as an overview WC1's concern related to identifying the cause of poor services where they arose, citing particularly the inconsistency in delivery. Similarly WC2 thought the performance indicators served as "good guidance" countered by the unreported aspects of the service covered by the statistics: "Just look at the estates and the mistakes the contractors make. There's too much leeway". Overall the indicators were seen as a useful barometer of service standards but equally notable reservations concerning their accuracy and coverage were expressed.

With reference to the inspection, WC4 spoke at some length about the Best Value inspectorate, emphasising two points. Firstly, there was considerable faith in the internal audit processes that had "built trust in our way of doing things". Secondly, while an external audit such as that provided by the inspectorate "would perhaps explain things a little more clearly", it would not make any difference:

If we were doing things fundamentally wrong then Best Value wouldn't help us in any way. It would perhaps just explain it a little more clearly, and create some sort of a fight, you know, the

inspectors would say you couldn't do this, couldn't do that, and we'd say well, we'll do it anyway (WC4).

WC1 described the inspection as a “mechanism at the end of a paper chain” and felt it could “penalise those who have done a good job in the past to present a level playing field for those who haven't provided such a good service in the past”.

These interpretations of Best Value inspections suggest a certain usefulness about the inspection and monitoring aspects of Best Value although this was tempered by comments related to the bureaucracy and an overall impression that inspection is largely superfluous.

### **13.3 Front Line Workers and Best Value**

#### **Newham**

Generally, when asked what Best Value meant to them, the respondents gave critical views – “worse than CCT, less transparent ... the proposals under Best Value aren't challenged” (NW3); “It's a necessary evil ... more onerous than CCT, the continuous aspect to it. You can peel away, get lean and mean, but, eventually people have got nothing left to give” (NW8); and NW5 summed up the Best Value experience as follows:

Any time I've asked managers for a definition of it, they haven't really told me anything. All I could really say is what it means to staff, or what I perceive it to mean for staff. It means constant, constant reorganisation, and being expected to do more for less, I think, with a huge emphasis on image. Housing is being completely gutted as far as I'm concerned.

NW2 was the sole exception, reporting that “Best Value means providing a good service at Best Value – economically but also providing a quality service”.

When asked to elaborate on their initial response the themes centred on performance, consultation and services.



On performance, the respondents reflected negatively on the indicators. NW3 felt that “they’ve chosen indicators for me but they don’t reflect the work I do. They’re spurious and not a fair indicator”. Two respondents felt the indicators failed to pick up on the less tangible aspects of the job, and made “what actually happens on the ground, day-to-day, with actual people, less important because that’s unreported” (NW6). NW4 suggested that the performance indicators were “not particularly satisfactory, no detail, for example, on estate standards, just repairs. It’s difficult to tell what people are dissatisfied with”. For NW5 the performance indicators failed to reflect “the service we are providing”, and “You know, we are really good at producing figures, and, you know, nobody at the top has too much principles, but at the end of the day we will do fine”. Finally, NW2 provided a degree of balance:

I have my own PIs [performance indicators], which is performance for correspondence, members enquiries, estate cleaning, those are the things that are important to me, so no, I don’t really think about the Best Value PIs.

The arrangements for resident participation under Best Value attracted a range of opinions. NW8 for example felt that “we try to be more innovative, we try to be more flexible, we’ve learnt to work smarter”, and NW1 recalled that “Five years ago tenant involvement was something we were striving for but it wasn’t a reality, it was something we did after the event”, whereas now “we’re genuinely trying to get tenants and residents involved in the management process”. NW3 on the other hand suggested that “We have to consult on virtually everything. In theory it’s good, but we get more bogged down in consultation than actually doing things”.

Concerning services the front line staff felt that the impact on provision, and particularly themselves, had been adverse. The reorganisation and the increased use of agency staff had created issues with neighbourhood housing management where the Borough had “lost a lot of local knowledge, and you have to argue to get a job on. They’re new staff, it’s not their fault, a lot of local knowledge has gone” (NW2). NW3 felt that Best Value in housing had led to a situation where:

One office had an average of twenty people, they now have about one tenth of the staff, a sledgehammer to crack a nut, and I really don't think this will give an improved service for tenants but then again I don't think that was ever the idea.

For the staff "Stress levels are extremely high because people are having to take on more and more" (NW8); "at the moment a lot of people are running on empty" (NW3); and:

Lots of members of staff are running around like blue-arsed flies. Some people are doing far too much work and some people are keeping their heads down are doing very little. Specifically, the sort of job I do. Should I be saying that? (NW5).

NW1 was more phlegmatic, suggesting that "we're trying to improve things and recognise that it hasn't been ideal in the past, we want to give a proper service".

## **Westminster**

The initial responses to interpretations of Best Value revealed a variety of impressions. WW7 felt it meant "taking care of residents" and "turning around voids in a short time". Others voiced some criticism. WW6 felt that "the contract process is far too complicated, the wastage is a lot of time dealing with relationships that are contract based rather than work based"; and WW4: "It's a structure that has been prepared, and senior managers will see it as things we measure our performance by, but that's not the same as what the residents want". Finally, for half of the respondents, a relatively neutral opinion: "I've heard of Best Value, but I'll be honest with you I don't really know" (WW2), and "It means nothing to me but at the moment, having worked for Westminster for so long, it's just another phrase that has come along to describe the best way of doing things". (WW8). WW3 suggested that "We're all plodding along and I don't think anyone's thinking about it".

These initial feelings about Best Value, with the exception of the single respondent's comments on void times and resident care, are difficult to construe as changes arising because of Best Value. Later, when asked to expand on their



interpretations of Best Value, two themes arose: contracting, and notions of quality.

All of the respondents were approaching a change of contract, moving from the City Council, to a private contractor. The main uncertainty this presented was which contractor would be their new employer. Although the process of contracting had been set out some time before Best Value, it could be suggested that nuances of the contracts – aspects dealing with resident inclusion and quality for example – might reflect emphases within Best Value. One respondent expressed some uncertainty about the new contracts:

It can be confusing when looking at Best Value, and I'm not sure what the different bits are, we've been told to be nice to the tenants because we're not sure who's going to manage them (but) someone's going to be making a profit out of it, if the service has already not got enough money, how are they going to improve the service? It already appears that it's been skinned right down to the bone as it is (WW2).

Others were more optimistic, feeling "It'll be better when we're a private company because we can be a bit more vocal" (WW4) – a reference to the notion that housing benefit failures had been obscured ("it's all hush hush because it's all really bad politically for Westminster"), and rent arrears ascribed unjustly to front line workers. Overall the respondents were uncertain about the nature of the impending contracts, and the general sentiment of the remaining front line workers was summed up by WW3's comment above – 'plodding along'. The enduring facet of these accounts is that the staff simply did not know what the future held in store in the detail. All they were aware of was a change in employer, and not the specification of the contract.

As to how Best Value was affecting their current contract, most of the respondents highlighted increased or reoriented performance monitoring – "I notice that there's more emphasis on the time voids are turned round, rent arrears" (WW2); and "A clearer set of targets, and the emphasis on what you're doing, rather than who does it" (WW6), for example. WW4 suggested that the emphasis was adjusted towards aspects of the service that held little interest to residents, with a focus on rent arrears rather than "crime and the effects of crime,



which they [the residents] see as a housing management task". WW2 continued on this theme, suggesting that aspects of the service relating to cleanliness and graffiti could be overlooked. The reports of changes to the systems of monitoring were confined to these perspectives, and notably none of the respondents reported any change to services as a result of this.

The final point identified by the Westminster front line staff related to staff morale, and centred on two elements: pay and workload. WW2 reported that there was "a very low morale about pay. A couple of my colleagues are looking to leave, most of their grumbles are about pay". WW4 noted that "It's not well paid compared to our competitors, and with all the hassle and abuse you get it can be hard sometimes". In addition to 'being hard', three of the respondents felt there was too much work: "I think we're quite understaffed" (WW7); "Less work would help in my job" (WW2); and "I need more time, you've got people with quite a lot of problems but you're always aware of the next appointment" (WW3). None of the staff relayed any uncertainty related to job security - indeed WW2 added "It's very unlikely I'll lose my job, so I'm told, there's few enough of us as it is".

### **13.4 Residents and Best Value**

#### **Newham**

The Newham resident representatives offered a number of initial interpretations of Best Value. NR4 felt that Best Value was being used as a "public relations exercise", and while "There are lots of good officers who work very hard, and it's trying to improve" the local authority "concentrates too much on the PR [public relations]. If Newham did what it said I'd be happy. You just end up disillusioned". NR2 noted that the arrival of Best Value brought a more communicative council – "The Best Value they give is that they are willing to listen, they do come along to our TA. Chris Wood [Director of Housing], I have no problem getting him to come along". NR3 suggested that Best Value was:

CCT under a different guise. The difference - under Best Value a lot more will be kept in-house. I haven't noticed much change in services. It's given TP [tenant participation] a boost – there's a lot of active TAs [tenants associations], and other action groups and what goes with it. Best Value ... it's just a name tag, it doesn't seem to have anything you can relate to.

Overall, therefore, there were suggestions of an increase in resident involvement, from a receptive and image-conscious council, and one voice of disapproval. The Newham cohort expanded upon their initial opinions, and these are presented below. The bulk of the interview material was set within their context of participation, which in turn focused on involvement in day-to-day and strategic decisions.

For local estate matters, such as repairs and tenancy management, tenant organisation has yielded benefits: "Since we've become a TA, we've had a new car park, new doors, new windows, fences" (NR2); and "For example, if someone comes up to me and says the door entry system doesn't work, I can get on to people, and within a couple of days it's fixed" (NR3). NR1 suggested that a 'minimalist' approach to repairs was in evidence: "The tenant, when they ring up and want a repair done, they don't want a little bit of wood put in the door, they want a new door post". Overall, however, the level of service was generally well regarded, and part of the reason for this was relayed by NR3, and an explanation of the 'nuts and bolts' system of management control. 'Nuts and bolts', or routine, local matters of estate management feed up a decision making chain. Effectively, NR3 reported, if a complaint is received three times at Area Tenants' Liaison Committee it ascends to Borough-Wide Tenants' Liaison Committee, whereupon a favourable outcome is likely: "Our nuts and bolts are pretty good - we do tend to get quite a lot done on an estate issue".

Turning to strategic issues four areas were identified: rents, housing benefit, PFI, the Tenant Participation Compact, and the housing office reorganisation.

NR4 recalled the decision to raise rents as an example of informing under the guise of democratic involvement: "There was no vote, but the council say that it was done with tenants' agreement". NR2 recalled the decision in more detail:



A lot of jargon was involved, the Federation called a meeting which was not well attended by residents, and not at all by councillors ... if the Council says it's going up by five pounds then it's going up by five pounds, it's no good sitting there, and they start mind boggling you with things, it's just a fact of life, just a way of life. I think that's what the problem is. When something comes up they bring out all of these terms and people go 'What? I've got a life'.

Two different perspectives on the same issue – non-inclusion on decision making - are given here. One perspective suggests a need to involve residents to a greater extent, with the implication that they would be willing to engage in dialogue, and vote on the best way forward. The other, given by NR2, is that certain issues of an especially (or apparently) technical nature are simply beyond the capacity of residents ('mind boggling') given the time required to fully comprehend them ('I've got a life'), at least in the way they are presented.

Concerning the involvement of tenants and the piloting exercise, there is certainly evidence that they were consulted about Newham's original application to be a Best Value pilot, although it is not clear how effective this was:

The complicated thing was, during the Best Value stuff that was going on, we also had this cabinet structure where housing committees went out the window, where local councillors weren't sure what their profile was. In a sense we're lucky and in a sense we're not lucky because sometimes things don't get debated. We know that Newham goes to pilots because one way or another they get more money out of it. And they like to, I've realised over the years, that Newham liked to be a pilot because they like writing rules, ten to the dozen (NR1).

The cabinet structure is described within Newham's performance plan as "a system rather like the national government's cabinet, with a leader and group of senior councillors making strategic decisions" (LBN 2000, Ch. 1). This on the surface appears no different to the 'old' service committees, except that there is only one 'supreme' cabinet, and there does appear to have been some confusion reported by NR1 about how decisions would be taken within this centralised decision making forum, and who would be involved. The outcome would appear to be that the new structure served to give information after the event, rather than



allow discussion before it: “Where it used to go from the bottom to the top, it’s going from the top down” (NR1). The additional point, concerning Newham’s prolific written output, is certainly accurate and this is probably true of most local authorities in the build-up to Best Value. The enduring message from the tenant representative is that Newham ‘writes rules’, rather than reflecting opinion. This leaves residents ‘lucky’ in the sense that they are told about rules, but less fortunate in that they have little input into their formulation.

The housing benefits administration was externalised in July 1999 to CSL, a company familiar with housing benefits administration. NR1 was clear – “We was never consulted on that issue”. This is not to say that the tenants’ groups did not know about the imminent change:

Now, the unions tried to come to the tenants and say ‘This is happening, get your act together’, and we said we would join with you, and we had one meeting. At that meeting, it was the actual then Chair of Housing, and the then Director of Housing, said ‘I don’t know why the tenants are sitting here, this is not a HRA issue’. So what they did is what we’ve got now (NR1).

In effect, the tenants were told that this was not within the remit of tenant involvement because housing benefits administration did not fall within the HRA, and was not therefore a resident-related matter. Other residents did, however, associate housing benefits with their experiences of Best Value. NR3 recalled that “We have a company, CSL, dealing with benefits, and it’s been abysmal”, and NR2 recalled how complaints made through the Borough-Wide Tenants’ Liaison Committee had not improved matters. In the event, the CSL contract was terminated for reasons of poor performance at the close of the research period (February 2002). Although this cannot be confirmed as either coincidence or consequence, it *could* be a vivid example of resident lobby success.

Newham propose to use the Private Finance Initiative to provide services in the housing areas of Canning Town and Custom House. On this issue NR1 commented:

Newham has got involved in PFI (the Private Finance Initiative). The proposals for PFI are not going with the Compacts – we raised seventeen<sup>13</sup> points at the meeting where the PFI proposals didn't match the Compact requirements, so we're stuck at the moment.

NR4 also recalled the meeting at which the PFI was announced:

With PFI, we were given notice of it on the night of the meeting. With phase one of PFI, we involved DOME, and raised a number of questions. The housing officer blew her top. When I asked about PFI, I didn't know what it meant, and the council just said 'we signed the agreement before the Compact, so that doesn't count' (NR4).

In April 2001 the tenants in the affected Private Finance Initiative area held a meeting<sup>14</sup>, chaired by a representative from a housing consultancy, DOME. The purpose of the meeting was to agree the terms of the Private Finance Initiative proposals. The council sent a representative of management to the meeting to relay answers to questions the meeting had sent in advance. The answers had been written by a senior manager. In answer to the question "What will happen if residents are not satisfied under the Private Finance Initiative contract?" the council representative replied "There are many ways of measuring satisfaction. Refer to previous answer", and the question "Who is responsible for what services?", the council replied "Good point badly put. Refer to previous answer". The 'previous answer' was a reference to a bundle of documentation, sufficiently voluminous that the DOME consultant could not have brought it to the meeting. Responses from the meeting included:

Why can't [the Newham senior manager] answer the questions! We're going round in circles. We're not being involved, we're being informed. Our comments are never taken into account, just flung back at us. They ask us to take part, then tell us what to do.

The DOME consultant attempted to elaborate on what intended meanings might have been, but this proved impossible due to "continuous cross-referencing to

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<sup>13</sup> The points referred to were listed in a report commissioned from DOME Consultants, appended to a letter to the Federation dated 13<sup>th</sup> September 2000. The report lists twelve "important areas of concern", including no power sharing, tenants not "at the heart" of PFI decision making, no tenant forums, and no consultation prior to the PFI tenders or knowledge of the influence on the final choice of contractor. Six secondary areas of interest included community safety, rent setting, repairs budgets and anti-social behaviour strategies.

<sup>14</sup> Attended by invitation as part of this research.



updated versions of contracts and question answers, we can never be certain which contract is being referred to. There's a lot of jargon and huge volumes of paper which I can't carry around with me" (DOME consultant). The council officer was a 'carrier' for the responses, and offered to relay the criticisms. There is an important point to make when reporting this meeting: the residents were not apparently dissatisfied with the idea of the Private Finance Initiative. Over the previous months there had been visits from prospective contractors, with presentations outlining how services would be delivered, and on the whole the tenants seemed enthusiastic about this aspect of the Private Finance Initiative. Indeed, trips were planned at the end of the meeting to visit some of the prospective candidates' estates. The aspect of dissatisfaction related to the unknown details of the contract, and the great difficulty in understanding what the implications would be in the case of problems. There was no noticeable disquiet about the inevitability of the scheme, although this had surfaced in previous meetings<sup>15</sup>, and it had been agreed that meetings should deal with the details and contractor selection issues, not the Private Finance Initiative itself. NR2 reflected this attitude during the research interview: "There's no point being negative, it's PFI come what may".

NR1 was the only respondent to comment specifically on the Compact: "It was conveniently forgotten as soon as it was written. No one's reviewing Compacts. It's supposed to be a living document reviewed every year. It was signed in March 2000 and that's the last we heard of it".

The reorganisation of service delivery, from fifteen Local Housing Offices to seven Local Service Centres, attracted comments from each of the resident representatives. The main point at issue concerned the process of decision making, rather than the decision. NR1 commented:

What we wanted is for them to come to us and say to us 'how do you want your service being run?' Not, 'let's change your service and then deliver it and then call a puppet meeting and say, 'Oh, as of Monday your local office will no longer be in existence, this will happen'.

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<sup>15</sup> The meeting recalled the disruption of anti-privatisation group members.



As with the PFI, this is not to say that the representatives were necessarily in disagreement with the proposals, and there was a suggestion that this could be a route to improved services, or at least “Well, it can’t be any worse!” (NR4). A similar sentiment was expressed by NR2:

The local housing offices are not – I’m not saying everyone, because we’ve actually had people sending letters of support to keep their offices open – people tend to think ‘maybe it’s better the devil we don’t know than the devil we know’. I’m not sure, it might be hard for some tenants to get to the new offices, we’ll have to wait and see.

What is of significance is where the decision was made for the office reorganisation. According to NR2 the decision did not involve residents, although on who actually decided the respondent disclosed that “I haven’t got a clue where the idea came from. They’re not very popular”.

### **Westminster Residents**

When asked for opinions on Best Value WR2 felt that an emphasis on resident-oriented service quality was apparent, and cost was not a primary consideration:

Best Value? It means, it doesn’t necessarily mean money wise, I think it’s what a provider can bring to us, not the cheapest. Sometimes you might take on a more expensive contract but in the long run you might get better value out of it. And so I think the residents might get something out of it, we’re not looking at money, we’re looking at our needs.

The other respondents related Best Value to specific issues. WR3 felt that Best Value was about “trying to take forward strategic issues” with respect to resident involvement, adding “but we’ll just have to see where it goes”. WR1 explained that Best Value implementation was failing to take account of private sector comparisons:

The big problem is local authorities comparing themselves with each other. What they’re not taking on board are the recommendations that say they must compare themselves to the private sector, and that’s not being done, and that’s the most important thing to me.

While “in theory its one of the best things that has happened”, WR1 expressed reservations throughout the remainder of the interview related to what might happen in practice.

The remaining comments set out in this section were to an extent ‘enticed’ through follow up questions (‘Any characteristic of Best Value that stands out for you?’ for example) to try and encourage either more detail of the opening comments, or other aspects of importance. Two themes were expanded upon later in the interviews: participation, and methods of service improvement.

Firstly, on the issue of resident participation, at the time Best Value practice was introduced in Westminster (April 2000) many tenant groups existed, although there was little coordination, or opportunities for the residents to lobby and express opinion *en bloc*. The embryonic state was described by WR3: “We didn’t have a bank account, office, constitution – anything”. From WR3’s experience, the feeling was one of “tensions not with the service, but the interface between tenants and the council. The TAs have been going round in circles for a long time”.

WR2 expressed considerable optimism about the new structures for resident participation. This feeling centred on two components. Firstly, the respondent reported a feeling of sincerity and approachability from members and, particularly, senior officers. When commenting on the large amount of information received (“the postman thinks I work for the council”) WR2 praised the assistance received from staff:

It takes time, that’s why Lorna [Resident Participation Officer] is so good, there’s only so much you can take in, you can phone her and she’ll be right back to you, you’re not just thrown out there. What I have noticed is, if I phone up to talk to Ken Hackney [Contract Managing Director] or Nigel [Assistant Director of Housing] you get through, and that wouldn’t have happened a year ago. I speak to Vic Bayliss [Director of Housing], Ken, on a regular basis.

WR2 spoke at length about “openness”, “listening to people”, “chugging along together” and sharing meals with senior staff, and remarked how this constituted



a definite and recent change: “I couldn’t have imagined it eighteen months ago”. The second component recalled by WR2 concerned the ‘Compacts’.

When I signed I didn’t have any reservations, but a few people did make comments, a couple felt it was just the council getting their own way, with their agenda, but I went on board to take them at their word, and see what tenants could get out of it and what we can give to them. If we are let down – we won’t be let down. I am quite sure this is the future of the council, or at least I’d like to think it was.

WR2 is clearly approaching the future of participation with a determined sanguinity, although it is possible to detect some doubt (‘I’d like to think’, ‘if we are let down’). Significantly, these comments were based on the *expectation* of resident-led changes and the respondent was unable to give any examples of successes.

WR3 and WR1 felt that the significant factor in the success of participation lay with the housing panel, in effect the central assembly point at which opinions are voiced, and comprising members, senior officers and resident representatives. On this issue WR3 commented “The acid test will be the housing panel where basically they take complaints to councillors”. WR1 summed up participation as the housing panel: “What tenant participation in Westminster means at the moment is eighteen members of the housing panel”. As to whether the panel would prove to be effective for residents, WR1 was sceptical:

It just depends how it’s done, the consultation with tenants, and will it mean anything? I go back to my point about Westminster being able to make a case; they make Mandelson<sup>16</sup> look like an amateur. But I suspect it’ll be the normal sort of thing that goes on in local authorities and will be meaningless.

Concerning the number of panel meetings WR1 recalled the seven meetings in the previous six months, when four meetings annually had been originally scheduled, and that “The mood gets a bit awkward, and the feeling is that we’re drifting back to a meaningless body, and the problem is that the chair of the panel

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<sup>16</sup> Peter Mandelson, a Labour MP and former cabinet minister, attributed by some with clouding issues with ‘spin’.



is in Westminster's pocket". As for the Compact, WR1 commented: "Sounds awful for me to say, but I think it's a meaningless piece of paper".

A final point on participation concerns the extent to which the representatives reflect the views of residents in general. This was discussed as a general point in Part Two, but was mentioned in a different context here. Since 1980 over 40 per cent of the original stock has been sold, but this had not always been to owner occupiers:

A lot of people on my estate took up right to buy, but for a lot of people banks and building societies wouldn't give mortgages, they sold on to estate agents, so we have quite a transient population, so there's different types of tenants and leaseholders, that brings along problems. We represent those [the tenants of leaseholders] people as well, but they're not that interested, they might only be there for six months, you can't expect them to take up an involvement in a place where they're only going to live for a short time. So really you've got a bit of a fragmented community (WR2).

As for accountability WR1 suggested that there were no 'checks': "There's no mechanism to report back, I'm just representing my own view. Most tenants don't even know the panel exists".

In summary the comments on the structures of resident participation under Best Value varied between hope and cynicism. It remains the case that it is difficult for any firm conclusion to be drawn on the structure now in place due to its recent arrival.

The second specific issue raised related to service standards. WR2 expressed concern about the communal cleaning being "not all it could be. We discuss what we expect, the services the estate will need. We don't know yet how good this will be, how flexible they'll be with the grey areas". WR1 relayed some experience of dealing with contractor disputes:

I've had many meetings with the cleaning company, numerous managers, I've had the Directors down, and they say 'Look, yes I agree with what you're saying but within my contract I don't have the money'. Another example, within concierge systems, how can they employ people who sit there and can't do the job, and then say

within the contract price: 'This is the quality of people I can afford to employ?' It's a nonsense.

From this interpretation of contractors, it would appear that the specification is set to a significant extent by price, with quality arising as a 'bonus'. While it would not be strictly accurate to deduce that this is an interpretation of Best Value – the contracts predated the implementation – it remains the case that, over a year into Best Value, contractual ties appear to be binding the authority.

### **13.5 Senior Managers and Best Value**

#### **Newham**

When asked about Best Value, and any expectations they had, the Newham managers gave the following replies:

It's about a number of things. It's about delivering a service that people want, it's about an appropriate level of service, it's about making sure that the service provides value for money, and it's about ensuring that the resources are placed in the areas where they achieve maximum effect (NM1);

It is about better assessing what the community wants and then delivering that in an efficient and effective way ... it isn't just about cutting costs it's about being prepared to be radical, to change the shape of your organisation, and if some bits of it needed more expenditure, then you need to be prepared to put it in (NM2);

It was left up to us to define ... I think Newham took it on in its own way, I mean so many things were wrong that have tried to be corrected through Best Value. I don't know if we've got it all right, there's lots of issues around joining up what we do, because obviously we're dealing through a front house which isn't under our managerial control, there are issues like that, I suppose it is a fundamental review (NM3);

To do it properly, you've got to be able to benchmark to show that you're giving value for money, a level of service, so you have to look for benchmarks that are relevant, so you can look at other authorities but the best way is to look at yourselves, outsourced compared to in-house. In terms of work load you have quite a lot. From my point of view it's very exciting, not at all monotonous, all sorts of things going on, intellectual even, but further down the organisation I would



imagine it's rather more monotonous. From my point of view it's good stuff, but it's a lot of work, you have to look at your services, and you have to look at what whether you should be providing them and to know that you need to know what it would cost if it was outsourced, you have benchmarks, and you have to look at all the European stuff, so you've got your benchmark established, and much more consultation than you ever had with CCT, asking people what sort of services they want, then there's monitoring and all the feedback to government and the inspectorate (NM4);

Finding a consensual theme identified by the Newham managers is difficult. Although many went on to elaborate in the remainder of the interview, these initial 'reflex' responses indicate four key features.

Firstly, resident involvement was identified by three of the four respondents, with two of these suggesting that this aspect of administration should improve from what existed before.

Secondly, the issue of cost was expressed specifically by three managers, and in a number of ways – value for money; effectiveness and efficiency; increasing costs if necessary; prioritising costs; and comparing costs through benchmarking.

Thirdly, the issue of administration was identified by two managers. NM3 identified 'joining up' as something that needed addressing. This was a reference to the separation of management responsibilities between which considerable overlap still remained. For example in the case of a transfer: repairs (void times), lettings (time waiting for a property to return to use), housing benefit (allocation affected by a housing benefit claim) and front line contact (via the Local Service Centre for tenants wishing to apply for a transfer) all have different managers. NM4 remarked on the positive aspects of change for the management of administration, countered by possible 'monotony' for those 'further down the line'. NM4 also mentioned outsourcing as a means of measurement, rather than an actual Best Value outcome. As a point of inference this is worthy of note, and the managers expanded on this issue later in the interviews, and is discussed in more detail below.

Fourthly, a palpable sense of autonomy, creativity and worthwhile industry associated the introduction of Best Value. These characteristics were in part reflected in the observations of administration, although the terms such as 'intellectual', 'left to us', 'exciting not monotonous', 'be radical' and the provision of a service 'that people want' imbue an added enthusiasm.

In summary, Best Value was initially interpreted as focusing on resident involvement and costs in a broadly positive light, and administration as a possible area of concern. The overriding impression was positive.

Follow-up questions were asked in reply to the opening answers, and five general themes were expanded upon: improvements evident under Best Value (tenant involvement, contractor split); performance; inspection; staffing requirements and outsourcing.

NM2 reiterated the positive nature of resident liaison that had arisen since the introduction of Best Value, and felt that "I think we are closer to residents now because of the changes", and gave the example of consultation over the 2001/2 rent increase as evidence:

Tenants were very unhappy at the rent increase, but they were very pleased that they have been talking to us about it, and had an input, before it went to the councillors, and that is a complete change to how it used to be in previous years, the residents would get their letters, and that was it - if you didn't like it terminate your tenancy.

NM2 gave two reasons for the success of the actual forum and the contribution this made to constructive dialogue. The first was the attitude with which all parties "came to the table", which NM2 described as "our philosophy where everybody takes their hat off. We respect each other for being people, and we just talk through issues and agree ways forward". The second was the mutual understanding of the partnership between resident and landlord, where:

Residents understand the rights and responsibilities argument that we bang on about, they think it's right if the council deliver a service people should pay their rent, and they should not smash up their house or upset the neighbours. They are quite happy to support us on



that. It's two-way, that's the thing about partnership isn't it? I think a lot of talk these days is 'But of course we're a partnership', but all sides have to put something into it, or it isn't a partnership, and I think we've done that in the way that we consult with residents, and I think we've done that well.

It is possible to construe this extract in an authoritarian light, as if the respondent is saying '*finally, our* argument has been won, and tenants *will* comply with our version of what is to be expected of us and them'. This suggestion must be balanced with the assertion that this has evolved and is consensual – a *real* partnership. NM4 was more ambivalent about the balance in, and nature of, this partnership:

There's more consultation now than ever there was, it's just difficult sometimes getting people to continue the consultation process. The process I've been through is that there's a lack of interest from a lot of people, and it's not possible to get views except from a narrow band of people, whether they're TAs, RAs, or just people who like the sound of their own voice. I suppose there's a point here, that the better the service the less you're going to hear from people. But it's our job to try and get people interested.

Three points are made here: that residents are reluctant partners; that views are not necessarily representative; and the inference that levels of involvement could be related to the standard of provision. While not contradicting NM2, this does suggest that tenants are not 'putting in' with quite the enthusiasm implied. There was little doubt, however, that tenant involvement in housing management had increased under Best Value.

The other improvement to have arisen under Best Value was the abandonment of the client-contractor separation that arose under Compulsory Competitive Tendering, and attracted significant criticism from managers because of the divisive and time-consuming nature of the arrangement. NMs 1, 3 and 4 remarked specifically that this aspect of administration had been removed. For example:

Under Compulsory Competitive Tendering we structured on a hard client-contractor split, that was our Director's view at the time, we took it more seriously than others, it wasn't the way I would have

done it, for what it's worth. What Best Value has done is that it's taken that away (NM3).

Although there is no longer any 'client' and 'contract' unit, in that former client functions such as monitoring and tendering are no longer delineated within the organisation structure, NM4 reflected that while this was an example of "breaking down the CCT walls", the old terminology still remained and the new system was "still being developed, you need a control element, we have a client officer doing spot checks". None of the respondents reported a return to the antagonistic relationship of the past, however.

The second point raised by managers was the performance measurement aspects of Best Value. A problem with analysing the responses given is that none of the managers stated, in clear terms, what they thought about performance measurement in housing management. Each broadly positive comment was tied in with a caveat. For example:

You say you want to improve things, even though the intent is one hundred percent, it doesn't mean you'll necessarily improve things, at least in the first place. Think about the massive managerial change in terms of trying to take staff through this process which changes jobs. What people need to understand, there's a price for all this, you've got to wait and look at performance indicators over a period of time (NM3).

NM3's comment was a reference to two aspects of the 'price' of change – the general staff upheaval, and specifically the choice to privatise housing benefits which was mentioned in association with a rise in rent arrears after seven years of improvement. The manager explained further:

This is the modern world, we might be a local authority, but people have lost their jobs, people in benefits have transferred under TUPE, there's no security. If someone says to me, 'Yes you'll have a job with Newham in five years' time' I'd say 'Well, I don't know what crystal ball you've been looking in but it's not the same one as anyone else around here'. I think we reflect, and this is another thing about CCT that people fail to grasp, is that security went under that, there's always been cuts because of budgetary problems, the staff had to go, in terms of Best Value it's no longer a threat it's just a reality. If it doesn't work you've just got to make it work (NM3).



The manager was explaining the 'reality of the modern world' as the justification for the changes under Best Value; not a 'threat' but something that has to be 'made to work'. The thread between these 'costs' and performance measurement appears to have been lost through these extracts if considered in isolation. However, it is reiterated that this comment was made in the context of performance measurement. The view is considered as one of ambivalence because it does not appear clear quite what the manager thinks about performance measurement between this dichotomy of costs and benefits. It is apparent that there have been costs, and the price is located within a pragmatic realisation that this simply has to be tolerated in order to claim the benefits that will arise at some time in the future: "Performance has declined but over time that'll improve, you've got to let it run over a period of time. We're starting to deliver now but we weren't last year" (NM3).

Another manager commented on an additional aspect of performance measurement. On the one hand, it is a crude and not necessarily accurate appraisal of service delivery, and, on the other, valuable feedback was being obtained:

It does concern me, the reason for that is that you can be doing a fantastic job but be out of key with the performance indicators. If you're doing that you're going to be regarded as not particularly good. And, when you lay the political overtones over that, whether you're in tune with the government of the day or whether you are not. You've got to play the game, we played CCT, we played the game, but looking back I think 'Why the hell did we say these things?'. But to a certain extent you have to do that, but the feedback I'm getting from tenants is that parts of the reorganisation is good, with the focus on rent arrears and anti-social behaviour for example, but on the other hand there's a lot of people unhappy about community housing not dealing with repairs (NM1).

So, while performance indicators were a source of concern, the pragmatic approach was shared with NM3, of 'having to do it' and then forward, to making the best of the situation. The additional point of note is the remark concerning the valuable feedback relating to *focus* on rent arrears and anti-social behaviour, and *unhappiness* with the way of reporting repairs, rather than levels of performance in those areas covered by the BVPIs. This suggests that while the performance

indicators may be observed, the actual BVPIs were not mentioned here, and this variance with 'what is required' was further emphasised by a concern with the authority's stress on 'soft' areas of performance at the expense of the traditional 'hard' performance indicators:

I will speak parochially at this point, we have lost some of the hard edge things because of the reorganisation. Void control, right from termination to pre-letting to allocations and technical inspection, the hard targets have gone and community housing is developing other targets in relation to vulnerable tenants and supporting tenancies (NM1)

While there is a BVPI related to voids, it does not require the detail mentioned by the respondent 'lost' through the transition to Best Value. Returning specifically to the issue of compliance with the statutory indicators, which did not receive further specific comment from any other manager, NM1 remarked "I'm quite confident in our performance".

Overall, while there appears to be disquiet relating to the consequences of measuring performance, and the scope of the indicators, there was no evidence of fundamental disapproval, and Newham managers are interpreting this aspect of Best Value with guarded enthusiasm.

The third issue, the prospect of inspection by the Audit Commission, expected during the interview period<sup>17</sup>, attracted comments from two of the managers. NM1 was confident about the process:

I don't have a problem, business as usual, I mean we have what you might call some rehearsal sessions, where we look at ourselves and go through a process of trying to replicate what can happen, but really it's about what happens on the ground, and making sure that you present it properly (NM1).

Aside from the overall 'no problem' perspective, NM1 appears to reflect some nonchalance about the inspections, having gone 'through a process'. There is a sense of frustration about successfully demonstrating the achievements of the

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<sup>17</sup> As at May 2003 Newham had not received a Best Value inspection for housing management services. Their repairs service was inspected in October 2002 and received a 'fair' one star rating with 'promising' prospects for improvement.



authority within the inspection frame. The issue of preparation was echoed by NM4, who reflected less confidence in the authority's readiness, and at least the possibility that they may be deflected by an inaccurate inspection:

We love them [inspections]. We think they're marvellous, we'll probably get one soon. Well, it's a necessary evil, you can't have this sort of set up without people dipping in .... I think that the system's probably sound, but like all auditing it needs to be sensitive to the powers they have, sort of swingeing in, undoing all the good that management have done ... It's just pointless, waste of everyone's time, if you've done a review (of the services) (NM4).

There is a barely disguised bitterness in this account. The prospect of 'undoing *management's* good work' by a 'swingeing' audit, culminating in the 'pointless waste of time' having previously reviewed services themselves. Taking the last point as a 'sole criticism', this is a damning appraisal of the worth of the inspection from one point of view. A sense of interference, and undermining the abilities of those working in the housing department, was voiced by another manager: "there's lots of expertise we can use, but I think the inspectorate will drive reviews to an extent" (NM3).

Overall, although the inspections appear to be considered as, in the words of NM4, a 'necessary evil', it is difficult to draw conclusions beyond this. For example, there is at least the indication that inspections should be set and staged at the convenience of managers. This is all but stated by NM4, but more care is needed with NM1's interpretation. One further point that can be made is that managers do consider the inspection as a form of test, in the sense that they are being assessed for the services they manage, and whatever they may think of the examination process, the need to comply is clear.

Fourthly, the issue of staffing needs under Best Value was described by NM3 in the following terms:

One of the things that happened under Best Value is that we cut a lot of staff, that was an efficiency saving, there's less staff around now, expertise is trying to cope with that, we have good expertise and IT systems, but we have less staff and the same amount of work.

This extract reveals an interesting aspect of how Best Value is being interpreted. It gives an indication of how the cost-quality issue is being resolved in Newham. Costs are driven down through staff cuts, and the deficit in staff is being met by 'expertise' and information technology (IT). There is some insecurity in the way the extract is phrased. While the combination of expertise and IT is 'good', it is at present 'trying' to bridge the gap between the constant workload and the reduced workforce. As to the option of retaining staff until proven systems were in place, NM3 explained the progressional logic precluding this alternative:

The staff had to go, in terms of Best Value it's no longer a threat, it's just a reality. If it doesn't work you've just got to make it work. I could see the whole stock transferring to make it work.

In dissecting this extract the flow is as follows: first phase, reduce the workforce; second phase, compensate for the reduced workforce with improved systems and methods; third phase (which may not be required if phase two works) transfer the housing stock. Phase one is a 'reality', and appears incapable of challenge; it simply has to be 'made to work'. NM2 suggested that problems are evident in phase two: "There's a difficulty around the so-called 80-20 split". The '80-20' split is a reference to the anticipated resident service given from the Local Service Centres, where "for every ten people who go into the local service centre, eight should leave after no less than five minutes' queuing with a smile on their face" (NM2). The remaining two people visit specialist staff ("I can't remember what jargon we used") whose inquiry may be more involved. NM2 concluded that the system was not working as anticipated because "In order to do that you need a highly trained and motivated staff who can actually deliver the service". There is a difference between NM3's suggestion of difficulty, which can be addressed through technical, technological or stock transfer methods, and NM3's acknowledgement of difficulty, which requires trained and motivated staff.

The fifth and final aspect of Newham managers' interpretation of Best Value concerns outsourcing: the provision of local services by non-council providers. One manager, NM4 described changes in Newham in the following terms:



Various percentages are being banded about at the moment in terms of sections, which will be outsourced, but it hasn't been defined which yet. No timescale, how long is a piece of string?

In reply to a question about whether services would improve under Best Value, NM4 replied, in the context of the work with which s/he was responsible, "In a personal capacity, no, it won't improve. It will improve competition, yes", and as to why this should happen:

We'll give out everything we have problems with, and really it's false to assume that we haven't thought through those problems and tried to find an answer, and the only answer is to give it to someone else. To suggest that a private company will suddenly find a solution to what has been to us a long-standing problem is not the answer.

The two points made in this extract are that first, problematic aspects of the housing service are to be given to a private contractor. Defining quite what a 'problem' is in Newham's housing department is difficult to establish from the managers' accounts, simply because no explicit criticism was made, with the notable exception of repairs and maintenance. Here the criticism cited by NM1 related to a problem rooted in "a big cultural thing", where technical staff did not communicate effectively with residents. This had arisen as a significant problem following the reorganisation, where customer service officers located at the Local Service Centres (formerly housing officers and district offices respectively) no longer had responsibility for repairs. The problem, in NM1's view, was that technical staff were reluctant to take on any form of interaction with the residents beyond 'talk to your housing officer'. They were not, according to NM1, "people people" so "we have to ask why are you working in this job, you have to relate to the public". As a problem this would not seem to relate to outsourcing, at least directly.

The second point made was the view that outsourcing as the only answer to those problems is misplaced. NM4 proceeded to illustrate this assertion by hypothetical example where, the argument ran, the council has many years' experience of working with problems specific to the Borough's housing. A contractor would apply their 'stock' solutions to whatever that problem was, which could be inefficient, ineffective, or simply wrong. And as to why a contractor would be

willing to take on work with which it has little local experience, NM4 felt that “there’s plenty that could do it, my point is that they won’t be able to do it as well”.

None of the other managers reflected these opinions, at least quite so emphatically. NM2 explained the process of competition, and non-council provision of services, in the following terms:

The actual way the council wants to work with contractors has changed from one of competition just for the sake of competition, to partnership, the Egan<sup>18</sup> stuff, it’s all about a different way of working these days. We are actively taking part in the PFI schemes; we are really going out looking for suppliers who certainly respond to us when we say we want to do this.

The authority is now looking for providers to work with, rather than adopt the previous rigid working relationships based on contract compliance. NM2 proceeded to explain that this was a move away from being a “one unit” provider of services to an approach based on diversity, explaining that:

We are giving them [housing contracts and homes] away hand over fist, we’ve got two PFI schemes which involves up to 2,500 properties and different managing agents, we have a massive redevelopment scheme in Canning Town which involves another 2000 properties, and again we’re changing management arrangements there.

Further, NM2 made a distinction between Newham in the 1980s, when it “did have a number of problems” which may have deflected partnerships, and this “has shaken us up, which we kind of typified last year [2000], because we’re getting all this glassware now, Council of the Year [Local Government Commission Awards 2000], communications awards, things like that so again we’ve had some recognition for the changes we have made”.

An additional issue here is that none of the suggested moves to other providers had actually happened, with one exception: housing benefits, contracted to CSL

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<sup>18</sup> *Rethinking Construction: The Report Of The Construction Task Force* (DETR 1998); *Working Group Reports: Integrating Rethinking Construction with Best Value, Partnership Approaches to Procurement* (Local Government Task Force 2001).



in 1999. NM3 attributed this move to a belief that a centralised service would be an improvement, and consistent with Best Value. Previously, benefit claims were administered via several points of contact throughout the Borough. Almost two years into the contract concern was expressed about the ability of CSL to provide a service at least equivalent to what it replaced. When asked by a councillor “What has happened to all the promises, all the money we have put into this contract?”, the authority’s manager responsible for housing benefit contract administration replied:

We have been through a period of partnership, but we have more of a contractual relationship now, more forceful. They have been made aware of our intentions here. They’re thinking about their profit margin in a way we haven’t seen before. One of the reasons we hired them was their economies of scale<sup>19</sup>.

Tying this in to how managers are interpreting Best Value, the experience of this contract is likely to be a point of reference if contracting other services is considered: partnership turned to contract, and ‘unseen’ profit orientation. This was articulated by NM3 as a realisation that the private sector experience lacked any ‘depth’ for the interaction required: “I don’t see the social side of what CSL do. You’ve got to leave time for tenants, but I don’t think that the private sector will give that amount of time”. And here a clear distinction between ‘private sector’ and ‘partners in provision’ arises. NM3 described housing associations as “appropriate”, in terms of reducing bureaucracy which is “what the government is looking for”, and having a “plan” for the provision of services alongside their existing portfolio. NM2’s account of outsourcing mentioned above includes RSLs within all of the projects currently tabled. The enduring point is that managers in Newham are interpreting Best Value and ‘sensitive’ outsourcing as compatible.

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19 This manager was not interviewed as part of the research, and the extracts cited are from the LBN Housing, Environment and Leisure Scrutiny Committee Meeting, 20th March 2001, held in public.

## **Westminster**

The opening question “What does Best Value mean to you?” was answered with broadly positive responses from the Westminster managers:

Customer focus, maximises the potential for joined-up thinking, and joined-up commissioning, and exposes areas where there needs to be a dramatic step change in performance and identifies in other areas where there is to be a drive towards continuous improvement. I think it has accelerated the synergy that can result from effective joined up working. Best Value has been the main vehicle for understanding what the residents want from the council, ensuring that we take a sort of broader approach beyond competition (WM2);

I think it is far more genuinely about consultation than CCT (WM3);

It was Best Value working together with the repackaging of contracts, that helped bring the council and tenants back together again. We decided to embrace Best Value into what we were doing anyway, and in hindsight, and that has really helped us, it has brought alive the actual process for us, it wasn't just an academic exercise (WM1);

Best Value is a toolkit that we can use. Best Value has been a big plus for Westminster (WM4).

An additional initial comment on Best Value reflected frustration by one manager with the ‘compare’ requirement. The following quote is quite ambiguous in that it is not an explicit criticism of the need to compare with other providers, but appears to move between doubts about the process (‘apples with apples’, ‘honest approach’), questioning the need to observe the process in any case (‘we’re way out there’), yet accepting considerable improvements could be made (‘a great deal to be learnt’):

Compare, that varies a hell of a lot, about the honesty with which that is approached by different boroughs, and the degree of energy that has perhaps been put into it, and sometimes you’re not comparing apples with apples, and certainly when we were trying to do our homelessness indicator comparison there were only three or four other London boroughs that had directly comparable patterns and therefore, and indeed supply patterns, so the statistics were



meaningful. But if you look at the key indicators on homelessness we're way out there, and there is a great deal to be learnt (WM3).

The common, and only specific, theme identified by Westminster managers was enhanced resident involvement, and this appeared to be a significant hurdle overcome in light of the breakdown of communications in 1998. WM2 identified 'joining up' and 'accelerated synergy', and while these terms can mean associations with contractors, for example, the strong contextual link in the text would suggest that residents were being referred to. As a spontaneous response, Best Value for Westminster managers appeared to be primarily about resident involvement.

In order to provide some additional detail follow-up questions centred on the opening 'feeling' about Best Value, and the broad aspects of Best Value itself. The answers to these questions revealed further nuances of senior managers' interpretation of Best Value, identified as competition, performance indicators, benchmarking, inspections and innovation.

Firstly, each manager expressed an awareness of the notion that Westminster could be perceived as competition-led. They acknowledged that there was some justification for this view in the past, although Best Value had led to a new, wider, focus:

Westminster has always used its track record on competition more than any other single local authority, and we have always used that competition philosophy as our form of challenge, but what is interesting about Best Value, is that it is suddenly changing, and the conceptual thinking about why we are doing it, and is there a better way of doing it. At Westminster the thinking I think has been, and Best Value has been the main vehicle for this, in terms of understanding what the residents want of the council, ensuring that we take a sort of broader approach beyond competition (WM2).

This appears to imply that use of alternative providers is more than 'competition' by virtue of the 'sort of broader approach' – responding to residents' wishes and challenging current practice through 'conceptual thinking'. WM1 felt that Westminster "would be in danger of being seen as concentrating on competition", although the tendering for the new contracts "helped bring the

council and tenants back together again, residents were involved in writing of the specification". Competitive practice is thereby considered in a wide, inclusive, sense.

The second issue mentioned, performance indicators, was viewed as something of an administrative burden by WM1 and WM2. In answer to a question about negative aspects of Best Value, one manager cited "the rigour with which we have had to go through the performance information process" (WM2). An important point here is that this manager felt that performance data was not particularly relevant for housing because the department was getting feedback on services direct, from the residents:

Perhaps the rule of thumb is that in service areas and corporate areas that are less exposed to the customer, revolution is needed, but in the housing department we have a strong tradition of being close to our customer because of the direct access; they pay rent or a service charge in return for a service. Now with council tax, it is rather more generic, rather more gentle; you don't have the direct relationship (WM2).

The 'strong tradition' of being close to residents is an issue that had been discussed, and sustaining the argument that 'direct access' remained a feature of a contracted service did receive some further qualification above, in the discussion of Compulsory Competitive Tendering and the beginning of the client-contract split. The reasoning forwarded by WM2 was that contractors deliver a service unencumbered by democratic and administrative processes, and that service is defined by the resident in consultation with the local authority. If the service is failing, two routes are open if the provider does not respond to requests to change: legal enforcement of contract, or change of contractor at the time of contract renewal. 'Performance', therefore, is something that is primarily estimated by residents. However, the BVPIs are considered in the sense that they are obligatory, and some irritation was apparent with the statutory frame, where it varied from Westminster's previous scheme. During Compulsory Competitive Tendering Westminster initially used 32 indicators for housing management, and WM1 reflected "that if something is the 32<sup>nd</sup> of something it is not key, so we



knocked it down to eight key indicators". With the advent of Best Value, the system of performance measurement was further modified to include bonuses:

We brought in incentive schemes, where we pay ten percent extra for hitting key areas of performance, and this came in through the Best Value process, and we built in for the first time repairs, and we put a percent of their payment in as customer satisfaction, which we put in as survey work, and the whole of our incentive scheme is based around the Best Value framework (WM1).

This addressed the 'improve' aspect of Best Value, and specifically mentioned repairs. However it was clear that what had been identified by Westminster as the important signifiers of performance did not coincide with the BVPIs, and the manager continued:

In hindsight we are starting to relook at that, because we have the Best Value indicators, but there are a whole host of things which aren't caught by the BVPIs. We have some of the highest rents, so that does muck around with some of our indicators, and, a Labour member said this: 'Don't chase the Holy Grail. Some of these indicators, you'll never get to, and what does it matter?'" (WM1).

Three issues arise from this extract.

1. The consideration of what the BVPIs include, that could reflect Westminster in an unfavourable light. The reference to rents is probably a concern with the amount of rent to be collected (that is, greater per property than other authorities), rather than rent levels which are not considered as a performance indicator.

2. What the BVPIs exclude, the 'whole host not caught', is of significance although none of the managers identified a specific area not covered by the statutory indicators. Overall, these two points suggest that managers had some reservations about the form, but not the principle. WM1 remarked that the authority was "very comfortable" with performance measurement because of the experience gained under Compulsory Competitive Tendering.

3. The recounting of the rhetorical question of the councillor, which does suggest a certain nonchalance towards the entire issue of the statutory indicators.

Westminster managers are engaging with the process of performance measurement primarily through refining their internal systems.

Thirdly, benchmarking was considered to be a worthwhile tool for improving management practice, although its use was considered to be more appropriate as a means of self-criticism through internal assessments, rather than to gauge practice and performance relative to other non-Westminster providers. This point was made above by WM3 concerning the difficulty in finding meaningful comparables ('apples with apples' and the 'honesty' of other authorities), and was approached differently by WM2:

I'm cynical. I think we need to work smartly, then think why we are doing it and how we use it ... you do your benchmarking study, and a lot of benchmarking clubs leave it at that point ... We recently had a benchmarking exercise completed by Arthur Andersen<sup>20</sup> which was focused on repairs, and out of that we found our costs were average, but we were performing above average, which was fine, but out of that we said to the tenderers, 'here is the Arthur Andersen benchmarking, it identifies a dozen areas where we have got an opportunity to improve our service, we expect you to play back to us, with your tender invitations, what improvements can you secure for us as part of your tender submission?'

This use of a consultant's report would appear to meet a definition of benchmarking, as "a process of measuring your service's processes and performance and systematically comparing them to the performance of others in order to seek 'best practice'" (Foot 1998, in Bovaird 1998, p.9). However, whether this achieves a "sensitive probing of the different contexts of the services being benchmarked" resulting from an "intensive social interaction between a range of actors, and not just a technical 'numbers-crunching' exercise" (Bovaird 1998, p.10) is unclear, and would depend on the report in question. The only other reference to benchmarking has been mentioned above, by WM1, who recalled that Compulsory Competitive Tendering presented a 'wonderful

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<sup>20</sup> Chartered Accountancy firm



opportunity to internally benchmark', and this appears to be rooted in the belief that Westminster is at the pinnacle of the best practice model, which can only be improved by 'tweaking' the system in place:

I have to say that I don't think from our experience that compare has brought about significant changes in the way that we do things, because we are quite good at what we do, but I would say that wouldn't I? (WM3)

Westminster managers are 'doing' benchmarking, although the extent to which the process is used appears to vary by respondent between internal comparisons and tender 'leverage' via third party analysis.

Inspection was the fourth issue identified by Westminster managers, and considered a positive aspect of Best Value – "I welcome the inspection process, in that it touches and feels the service in a way that the current inspection service doesn't<sup>21</sup>, and understands it from a holistic point of view" (WM2). The optimism of WM2 was shared by WM1, who recalled an internal inspection designed to reflect what was expected from the Audit Commission, and the "amazing correlation" between what tenants wanted improving most – the internal state of their homes – and their strategy to meet this goal. This was a reference to the Arms Length Management proposal, which in itself could be considered a necessary but not sufficient aspect of the inspection proper. In summary, the impression gained from managers was that the inspection was a positive aspect of Best Value, with no mention of drawbacks.

The fifth interpretation identified by Westminster managers was the innovation that will arise with Best Value. Each of the managers relayed with some enthusiasm positive outcomes that have arisen with the introduction of Best Value. These were discussed in the form of anecdotes to illustrate some of the innovation that was taking place.

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21 A reference to the annual HIP submission appraisal described by WM2 as "One-dimensional, going through a tick box process, basically following the HIP statement by civil servants who don't know the service at all".

One example is a reference to the way Best Value seems to be forcing a wider view of how and why services are provided, and who should provide them:

If you look at what the housing department does, we have just over 1000 sheltered housing units, you then look across at social services, they have a number of residential care homes, some of which are contracted, you can look at the health authority in terms of the services they are providing, you will also then look at services for the elderly in the private sector, and then suddenly you take a lead through Best Value in terms of challenging and understanding ... We've commissioned the Nuffield Institute to do a piece of research about mapping the demand, and as a result housing, social services and the health authority will commission and recommission services in a dynamic and different way, and that's partly as a result of Best Value - the evolutionary thinking has forced that, the blinkers are off. That is a genuine bottom-up type example where it will make a practical difference (WM2).

Within this extract there is an appreciation that some degree of overlap exists between departments, both in terms of the needs of the client group, which it is acknowledged may have been misunderstood (hence the commissioned research), and the resources available to meet that need. This revelation has arisen because the 'blinkers are off', and the service can now 'evolve' in a 'dynamic and different' and 'bottom-up' way.

Concerning approaches beyond competition, what the manager has described is a process flow involving different departments which will, when it comes to deciding *who* will actually deliver the service, result in options still open for competition. Whether these approaches – thinking beyond competition, cross-departmental working, and policy based on commissioned research – are a result of Best Value is difficult to estimate, although from this manager's point of view a markedly different approach is in place where "suddenly you take a lead through Best Value" (WM2).



## **13.6 Summary**

The aim of this chapter has been to establish the ways in which Best Value was being interpreted, and the extent to which the problems with Compulsory Competitive Tendering were addressed. It was hypothesised (p.85) that a variety of interpretations could arise, in part based on Barrett's concern that managerialist policies such as Best Value are relatively closed to interpretation; ambiguities and emphases that could arise, highlighted in part two; and Dunleavy's notions of bureau shaping that could apply to Best Value, discussed in chapter five.

This section is set out in two parts. The first details the findings relating to actors' interpretations of Best Value. The second provides three perspectives of the changes that were perceived to be arising with the advent of Best Value: the extent to which Best Value would change or continue Compulsory Competitive Tendering practice; the changes that were either anticipated or experienced; and the consequence of any changes to individuals and groups.

### **13.6.1 Best Value and Change: Actors' Views**

#### **Councillors**

Both Newham and Westminster councillors were broadly in favour of Best Value. Individuals expressed concern relating to support staffing and monitoring (Newham), and increased bureaucracy and 'interference' (Westminster), although none gave strong feelings of disapproval.

In Newham the politicians were interpreting Best Value mainly in terms of the way the policy meshes with the ideological message implicit within their vision. Certainly, aspects of process received comment although the overall point was one of progress and direction, and on this Best Value appeared apposite and requisite. Westminster's local politicians were more ambivalent, with none of their concerns necessarily placated or compounded by their view of Best Value process. Their anxieties during Compulsory Competitive Tendering were not

recalled during discussions of Best Value experiences, reinforcing the notion that events could (or would) unfold without controversial incident – a matter of importance to this group.

The key difference between the councillors' views was their impression of the contribution Best Value would make to their authorities. For the Newham councillors there was a clear impression that Best Value was needed to reinforce the vision, and there was no contradiction between Best Value and the underpinning ideology with which they felt comfortable. A clearer idea of that ideology was given in the previous chapter dealing with the pre-Best Value era, where the tangible aspects included financial probity, customer oriented services, and improved strategic thinking. The central themes were cited as vibrancy and modernity. Councillors in Newham viewed Best Value as a policy with which it should engage, providing emphasis to reinforce cultural signals, ideological direction and matters related to the cost-quality equation. Meeting and sustaining these elements was of most importance to Newham councillors: this is what Best Value meant to them.

The Westminster councillors considered that Best Value may have inspired focus although the policy was unlikely to deflect the City from its established path. Concerns raised, such as the superfluousness of external inspection and added bureaucracy, were considered endurable. The point here is that insofar as Best Value directives and required processes coincide with what Westminster's housing department is striving to achieve the policy could be considered 'appropriate'.

In essence Best Value had been accepted by Westminster and embraced by Newham. Also, and while certain exceptions have been highlighted, there was a general sense of contentedness with Best Value.

### **Front Line Staff**

It was difficult to estimate what expectations the Newham staff had of Best Value from chapter nine, dealing with the situation prior to Best Value. The



impression they gave relating to Best Value was characterised by three aspects: their welfare and job satisfaction; service quality; and potential for improved services. The balance in opinions around these points was between guarded enthusiasm and determined negativity.

The Westminster staff also characterised Best Value with three areas: tacit acceptance of the imminent contract change; insensitive methods of service appraisal; and excessive workloads and poor pay.

In comparing the two groups' opinions the Westminster cohort were less divided around the issues they identified.

## **Residents**

Both sets of residents expressed opinions on involvement in decision making.

The Newham representatives felt their input on and satisfaction with day-to-day repairs was adequate. There was not a sense of unbridled praise for this aspect of their landlord's performance, although the absence of any particular failure in these two respects is notable. Phrases such as 'the devil we know' were tempered by the acknowledgement that reporting mechanisms were good, and minor estate works and individual repairs were satisfactory. The main issue for Newham residents during Best Value was their involvement in broader decision making that affected a large proportion of the housing stock. In the case of housing benefit externalisation the residents were excluded from input on grounds of, what appeared to be, irrelevance. This should be balanced with the possibility that they were in part influential in 'de-externalisation'. On decisions surrounding the Private Finance Initiative a clear sense of frustration was apparent as residents attempted to negotiate the unhelpful, obscure and verbose interface between themselves and Newham's management.

The Westminster representatives' opinions varied. Interpretations were given on the main forum (Westminster's housing panel), the elected representatives' accountability and capacity to reflect residents' opinions, the 'Compact, and the

relationships between the representatives, senior management and front line workers. In general these aspects were recalled with disillusionment: the representatives had dealt with these issues, or similar, and no improvement had arisen with Best Value. One recently elected representative did offer an enthusiastic account recalling a friendly and constructive dialogue with managers. This was not shared by the other more 'seasoned' respondents.

Isolated views were expressed by resident representatives. In Westminster service standards were highlighted, linked to a perceived inadequacy in contract specifications and the money available for services. In Newham the commentary was consistently linked to concerns over change. It was generally agreed that there was room for improvement in day-to-day services such as tenancy management and repairs. The issue for Newham residents was simply that they did not have the information or opportunity to effectively assess or influence the nature of any changes under Best Value.

The Compact did not feature as a document of any significance for either set of respondents.

Summarising the representatives' views on Best Value is difficult when considered within the structure of this part of the thesis, in that the bulk of the interview material relates to *influence* over policy interpretation and implementation, an issue covered specifically in the next chapter. This finding is notable in the sense that this is primarily what Best Value is interpreted as for the representatives rather than, say, the standard of their homes and immediate environment. In summary the comments on the structures of resident participation under Best Value varied between hope from the newer representative and cynicism by the more seasoned respondents. That hope, particularly in terms of strategic matters, appeared especially distant for the Newham residents.



## **Senior Managers**

Both sets of managers, overall, considered Best Value to be a positive step for council housing in their Boroughs. Several themes were covered during the interviews that broadly indicated affirmation, although some reservations and differing emphases were evident.

Consultation with residents was the most agreed upon issue. Both groups recalled past relationships with residents, although in each case the link was inferred from comments pointing to need for improvement, rather than explicitly criticising the previous nature of the relationship. One exception to this was a Newham manager's comment that residents used to 'get a letter and that was it'. Both sets of managers did agree that the structures in place were a considerable improvement and a constructive partnership between residents and the council would characterise housing services under Best Value.

The second aspect of change identified by both councils' managers was the organisation of administration. Enthusiasm was voiced by the Newham managers as respite from the client-contractor split arose with Best Value. Westminster managers viewed the change as one of outlook using words such as "dynamic", "smart" and "joined-up" to explain the innovation that had accompanied Best Value.

Thirdly, on inspections two of the Newham managers expressed irritation with the inspection service and the possible deflection they might bring from established practice. Overall however they did regard the inspections as a necessary aspect of their housing management service, with a stoical attitude to observance. The two Westminster managers who mentioned the inspections were confident that the City was markedly aligned to the Audit Commission's requirements.

Competition was the fourth interpretative theme the managers shared. Pinning down the Newham managers on competition was difficult. All considered that alternative providers would feature in the future, although little clue was given as

to why, other than consideration being a required aspect of Best Value. What is clear from the interviews is that managers are likely to be circumspect about any future externalisation. That one manager recalled that their choice of housing benefit provider thought of profit 'in ways never considered' suggests that they will approach externalisation with assiduousness. For Westminster managers competition was commented upon, with the broad line that some justification for continued use of competitive providers would be needed. Their notion of competition involved 'conceptual thought' which principally meant resident involvement in decisions concerning externalised services.

The final common aspect of Best Value for managers was performance measurement. A mixed, although generally positive, view was given by Newham managers. Comments relating to usefulness, necessity and means to gauge improvements were made. These remarks were bridged by reference to some of the costs of performance improvements, or costs of the "modern world" as one manager considered them. These costs related to job security and relevance of the measures used, although the unerring sentiment was that observance was necessary, if somewhat irrelevant. It was therefore difficult to reconcile the managers' views beyond the guarded support noted. The Westminster managers were unconvinced by the value of the statutory BVPIs although not performance measurement *per se*. They placed confidence in their existing systems of measurement and while a councillor's cynicism was recalled, a clear sense of deference to the statutory indicators was evident. The common point in comments on the performance measurement regime is that both sets of managers expressed reservations, yet each relayed the message they were important, and would be observed.

### **13.6.2 Perspectives of Change**

The field research revealed six elements of change taking place under Best Value: ideological reinforcement; conditions of employment; resident participation; accountability; services; and competition. Each of these elements affected local actors in different ways.



For Newham councillors, alignment with their Vision was a prime concern, and Best Value was seen as a 'modern' asset that would help achieve a shift in the perception and the capacity of the Borough. Best Value provided the balance of focus and autonomy that was not apparent during Compulsory Competitive Tendering. This matter of overarching ideological reinforcement was shared by the Westminster councillors, although this was not likely to be a cause of change. Rather, Best Value could serve to reinforce the existing political direction. Best Value was not considered in this way by any other actors with the exception of the Westminster managers, some of whom referred to the 'philosophical' outlook Best Value allowed, and to a lesser extent the Newham managers. In terms of the relationships arising two conclusions can be drawn. Firstly, articulating service provision in terms of Best Value and corporate direction had become a sustainable aspect of political discourse. Politicians were generally comfortable discussing the future of their housing services in terms of Best Value. Secondly, this comfort was most explicitly reinforced by Westminster managers, and less directly by the Newham managers. Other actors did not describe Best Value in these broad strategic terms.

The second change to have arisen under Best Value concerned conditions of employment. Front line workers related excessive workloads and low morale, and managers generally agreed with these accounts. Managers were, however, enthusiastic about the changes to their work environment. This broad trend was marked by a difference between the authorities: Westminster employees were less 'anxious' about the administrative requirements of Best Value than the Newham cohort. For example, while the Newham managers welcomed the relaxation of the client-contractor split, this was a change 'under development'.

The third change concerned resident participation and the introduction of the Tenants Participation Compact. The complicated and varied picture can be summarised in two ways. Firstly, in Newham resident involvement with day-to-day matters had improved, whereas inclusion on strategic decisions had deteriorated. In Westminster the new structures had not resulted in significant changes other than re-established routes of communication and cordial exchanges. These had not altered the capacity to influence decisions. Secondly,

the managers of both authorities felt that resident inclusion had improved with Best Value. This issue is discussed further below in association with table seven.

The fourth change experienced by the authorities related to accountability, and this was specifically referred to in terms of the Audit Commission inspections. Two Newham managers were critical of the need for external monitoring, although no inspections had been carried out at the time of the field research.

The fifth change related to services, and a number of perspectives arose. Managers commented positively on the measurement of service provision through the use of performance indicators. Westminster resident representatives did remark on the organisation of contracts as a limitation of service provision, although generally services had not, in either Borough, changed significantly. Front line staff in Newham felt that change had reduced service effectiveness through the loss of experienced staff and a stressful work environment.

Another perspective of change related to services, and one not commented upon by respondents, concerns the performance data collected by each local authority. A selection of housing-related information is illustrated in table seven. Points of note include the increased cost of Newham's services, and Westminster's decrease – considerably in the case of management costs, and possibly a product of the contract changes. Figures relating to the overall housing service indicate improved satisfaction and opportunities for participation in Newham, which is a result that would not necessarily have been predicted from the field research. However, this result could coincide with involvement on day-to-day, and not strategic, matters. The Westminster results are restricted to a survey carried out in 2000/01, with a repeat survey not due until 2006/7 (WCC 2001a, p.54).



**Table Seven: LB Newham and Westminster CC Performance Data 2000/01 – 2001/02**

Performance Indicator	April 2000 – March 2001		April 2001 – March 2002 (Research Period)	
	LBN	WCC	LBN	WCC
Average weekly costs per local authority dwelling of management (£)	23.28	30.09	27.06	22.17
Average weekly costs per local authority dwelling of repairs (£)	13.49	21.37	15.12	17.50
Local authority rent collection and arrears: proportion of rent collected (%)	92	92.3	100	96
Average relet times for local authority dwellings let in the financial year (days)	50.3	30.8	45.9	22.2
Tenant satisfaction with overall housing service provided by the landlord (%)	59	61	65	N/A
Satisfaction of council house tenants with participation in decision making (%)	38	46	45	N/A

Sources: LBN Best Value Performance Plan 2002/2003; WCC Best Value Performance Plan 2002/2003

The final broad change that arose related to competition, and its use in service provision. Councillors generally touched on this subject with ambivalence, expressing neither favour of disfavour. The Westminster front line workers, facing contract change at the time of the research, were uncertain of the consequences: some welcomed the consolidation following an insecure period, while others were unsure of where service improvements could be made through transfer of service provider. The Westminster residents voiced no clear objection to alternative service providers, although some felt contracts had been mishandled. The clearest statement on competition came from the managers. The Newham managers' approach to competition varied between trepidation, cynicism and a belief that it would result in poor services. Notwithstanding these

reservations all were certain that alternative providers could, and probably would, feature as part of Newham's future housing service. Westminster managers expressed no doubts, although they did voice an awareness of the increased need to justify their approach to competition.

Overall, therefore, for the councillors and managers Best Value broadly met expectations. The policy was serving to reinforce and enable Newham's ideological message. In Westminster it was considered by councillors as benign and consistent with established patterns of delivery. Relationships with residents had improved, and processes associated with performance and inspection, while viewed with considered reticence, were not unexpected or unmanageable. On competition and the prospect or continuance of contracted modes of provision, both groups indicated that a considered approach to non-council provision would accompany Best Value implementation.

For residents and staff, expectations of Best Value were, in part, not realised. The residents were appreciative of involvement in day-to-day matters, although control over the longer term service changes was minimal. This situation was particularly marked in Newham. Some staff reported difficult working conditions and inappropriate methods of delivery and measurement, while many respondents offered innocuous accounts of Best Value implementation.

It is apparent from this analysis that on many of the issues arising different, and occasionally contradictory, perspectives of change and Best Value are in evidence. For example residents' views of consultation differ considerably from the perception of managers and councillors. The clearest instance of agreement arose between managers and councillors, with the impression gained that the relationship had become consolidated in Westminster to a greater extent than in Newham. Newham managers expressed doubts associated with the broad push to comply with Best Value, particularly on the issue of competition. Westminster managers presented a more confident appraisal of the operational connection to the Best Value compliance.



A question that can be asked at this stage is: 'Whose version of Best Value will be adopted?'. That councillors, for example, have no fundamental issue with Best Value is not an indication that they were in any way responsible for its implementation. The matter of influence in these accounts is covered in the next chapter.

# **CHAPTER FOURTEEN**

## **Influence and Best Value**

### **14.1 Introduction**

This chapter contains the last category of interview material. The aim is to establish who or what controls the implementation of Best Value by considering the accounts of local actors.

Chapter ten highlighted the opinions of actors relating to Compulsory Competitive Tendering, and chapter eleven set out how Best Value could change approaches to service delivery from the perspective of key actors. This chapter is about realisation of policy: who or what is likely to steer policy process and outcomes.

The data is presented in sections by respondent. The opening question asked was: 'Who or what is likely to influence change during Best Value?'. Prompting or directing answers was avoided, although when a theme arose the respondent was invited to elaborate if necessary.

The chapter concludes with a consideration of key forces identified during the research, and the nature of associated changes they would direct.

### **14.2 Councillors**

#### **Newham**

The Newham councillors did consider themselves influential in the formulation and implementation of Best Value housing policy. However, their comments involved a considerable amount of qualification. NC1 for example recalled: "The original proposals for Best Value went through a small working group of councillors". The working group considered the "recommendations of an



evaluation panel which was made up of officers". One of these recommendations, the exclusion of the in-house bid for the housing benefit service, was accepted and implemented. On that decision, NC1 continued: "If only we could have turned that back. But we did use our influence later on and reversed that decision", and:

I was quite clear with him, I said 'I don't want any more balls-ups like with housing benefit, I don't want it'. I want no big bangs, no surprises, no collapse in rent collection, substitutional arrangements made, done in a careful way, not like the housing benefit stuff, so I did lean very hard on that and I think he did learn a lesson. I did put a lot of pressure on.

The 'balls-up' arose from an officer's decision, and accountability lay with the Director. NC1 described the consequence of this situation as one where "I think he did learn a lesson. I did put a lot of pressure on". The lesson was to deliver services in line with the councillors' broad wish of improved performance and cost savings. This experience had not affected NC1's appreciation of the skill and importance of the senior management team:

A lot of stuff is delegated to them. I work very closely with Chris [Wood, the Housing Director], they are very influential, a very strong team, very powerful and innovative team, these are bright people with plenty of ideas. We select all the senior ones, they certainly know what strategic direction we're after, they generate a lot of the ideas, the practicalities, but we drive the overall agenda, we want to improve services and cut cost, and everyone is very clear on that.

It follows from this account that management are free to interpret policy within the strategic direction set by the politicians, which corresponds to Best Value requirements. As for the type of manager required, NC3 added to NC1's comment relating to selection:

We have a new breed of senior managers, rigorous new ways of appointing, head hunting, we go out for the best people.

This reinforces NC1's view that policies in Newham are implemented by a specifically selected management team. In addition NC3 noted the role of councillors:

A core group of councillors took control over Best Value. It was too stark and regimental. We were willing to accept that mistakes might be made, but we stand by what we say. Running the council is big business.

Similarly NC2 suggested that councillors were influential “in terms of policy development”. Concerning operational matters a certain detachment was required: “I would argue that we should go around more, but it’s not about picking up debris, literally the shit”.

The three councillors clearly felt that they had a role in the ‘shape’ of Best Value which, in turn, was enacted by senior management.

As for influence of other actors NC1, on the involvement of residents in decision making, noted:

Since the new governance there has been a problem with this, because tenant reps used to be on the housing committee, and have cabinet input. I’d go to the Tenant Fed[eration] meetings, and a couple of Compact meetings, but I think the linkage between tenants and members needs to be strengthened. I think at some of the meetings tenants do think that officers are too much in charge.

The councillor was referring to the executive nature of the new cabinet structure referred to above (p.172). Notwithstanding the limited opportunities for input the councillor did feel that operational priorities reflected residents’ wishes:

Take the LSC [Local Service Centre] near here, you’ll have a lot higher satisfaction for the CSOs [Customer Service Officers] here than you would ever have had for the old housing officers. No disrespect, but they’re all trained up now, it’s a different world, all of these tenants say that they want it, so they do have an input. Capital resources. Tenant led improvement under the Compact, three and a half million pounds given to them, they decide it. I haven’t got a problem with that. A few others have, but I don’t (NC1).

NC2 provided a complex account of traditional representative structures of “primarily white working class men, and I don’t want to be too rude, but they have negative agendas” and the councillor’s wish to adopt a “community power strategy” involving particularly non-white and older residents. As things were



meetings were “not well attended. I know it can be a bloodbath, I know it can be negative”. Overall it was difficult to establish NC2’s opinions on actual resident impact in decision making, although the overall impression gained was one of ‘work to do’: “What we need to do for community engagement is not to have things seen as top down”. The councillor spoke at length on this theme and, at one stage, frustration became apparent:

Whoever comes to surgery is often discontented, but the confusion, why is there that confusion? There may be anger, reluctance to change, but people really don’t like being told.

The councillor could have been referring to any of a number of issues: closure of offices, housing benefit problems, or dealing with a call centre for example. Changes that were happening were associated with anger and reluctance, and it was the councillor’s responsibility to ‘tell’ them change was necessary.

Two of the councillors expressed an opinion on the influence of front line workers. NC1 considered that there “is resistance to some of the changes” although the main source had since left the authority:

Quite a few have left voluntarily, nobody, very few people have been made compulsorily redundant, we had a fair number of people follow Andy Jennings over to Islington, he didn’t agree with a lot that was happening, Islington [Mr Jennings’ new employer] are going the other way, so I think the people we’ve got agree with us about the resistance to change, an unwillingness to provide a good service.

The councillor singled out Andy Jennings, the Director of Housing in 1996, and it is possible that the extract refers to a range of employees. The message is that those who did not agree with Best Value or vision-related proposals left the authority and the following extract makes clear the attitude towards front line workers:

That’s life, let them move on, no disrespect to them, let them move on and do something else, but the situation has moved on. It used to be that officers and councillors were almost afraid of the workforce. We’re elected to change things, the public support change, we’re quite clear about that, and that’s what we’re going to do, and we ain’t backing off (NC1).

For those still in post, NC2 had forthright views on any influence they might have:

I firmly think that housing officers will talk to people like us rather than their managers over issues, and they know that we are not directly going to do whatever it is. I've got some negativity towards them [front line workers].

The implication from this extract is that employees would approach a councillor because managers take little notice. By not 'directly' acting, that is, to become involved in particular issues, the employee had some hope that the councillor might reflect concerns in a broader policy-oriented context: a hope misplaced in the case of this particular councillor, however.

### **Westminster**

Overall the Westminster councillors felt that managers controlled much of Westminster's affairs. They considered their role, and the role of others, as relatively minor when deciding how Best Value would work in practice. With the introduction of Best Value they saw no need to become involved beyond the level of ratification.

WC2, commenting on the contracting accompanying Best Value, felt that "Management set the pace. Dance with the tune or dally out the door. Objections may be noted but the contract would continue". WC3 had similar feelings:

We can spend a lot of our time making sure that officers implement policy efficiently and effectively, but we can't actually tell them what to do. Senior management is extremely influential. It takes something pretty serious for a councillor to overturn a well thought out senior officer's recommendation. My job, it's like non-executive director.

WC1 rationalised the dominance of management through their situation: "They have the expert knowledge and the skill and the time and the focus to be clear about how they are going to implement Best Value". WC1 did however reflect that when the original course of contracting council services was made, the origin was not departmental managers:



That was Shirley's [Porter's] legacy. I'm sure she had a friend of a friend and that was why it was instantly decided to take it [council services] out [of council control]. I'm sure it was done with the best of intentions, I'm not accusing anyone of cronyism at the expense of the taxpayer. No one else ever spoke on the issue.

The *course* was set by the prominent politician of the day. The implementation was, and remained, the job of the senior administrators:

I and my colleagues feel that this [Best Value] is a hoop we have to jump through for the government and so long as the officers don't spend too much time on it and too much money on it, and it doesn't derail us from what we want to do, we're not going to get madly involved. So to the extent that it does not conflict with our political goals, then I think the dominant group [in the implementation of Best Value] is the senior officers (WC1).

WC4 expressed a similar sentiment: "Politicians will win if they can be bothered but often they can't be bothered". It certainly appears as if managers are enacting Best Value according to the will of the politicians, leaving no need to 'bother' with intervention.

The influence of residents was mentioned by three of the respondents: "They don't have much power as it stands. The local forum may improve it, but they tend to be dominated by one or two people" (WC2); "I would say in Westminster residents are quite influential and increasingly so, we're doing more consultation, but there is a problem with these groups, you always tend to get the same people (WC3); "The group whose role has increased the most is residents. It doesn't necessarily mean they're dominant but their role has increased, more than anyone else's has" (WC4). A suggestion, therefore, of at least improved involvement although tempered by a lack of representation.

Finally front line workers were considered to have limited input: "We've lost control of staff views. Our only relationship now is with the contractors" (WC2); "Their role has probably increased a bit relative to before, but only a bit, not as much as residents" (WC3).

### 14.3 Front Line Staff

#### Newham

It would seem improbable that the front line staff in Newham would credit themselves with the move to the working practices they described in chapter eleven, and indeed their explanation for the current state lay, in the main, elsewhere.

The senior management team was considered to hold significant influence by two respondents, with the decision to form the six Local Service Centres, for example, originating from them (NW1). In general terms NW8 felt influence lay with: “Senior officers, they’re the ones who have most clout. When you think about it, they’re the professionals, they should know the pros and cons about what is being put forward”.

The notion that managers were dominant in policy implementation was not shared by all the respondents. NW3 believed that members were influential and that change “wouldn’t happen if they didn’t want it to happen, they dictate how Newham goes forward, what policies we pursue”. On the other hand, NW2 felt that councillors had little knowledge of what was happening in terms of service delivery and operational structures, and cited as an example the practice where: “They still phone up and ask for senior housing officers, even though they don’t exist any more”. An additional strand to the influence of councillors was voiced by one of the respondents who initially sided with the suggestion of manager influence. NW1 continued: “We have a powerful leadership as well. Robin Wales has a very clear idea about where he wants to go, how he sees Newham”. NW5, recalling a conversation with Chris Wood, Newham’s current Director of Housing:

I had a brief conversation with the Director of Housing when he first came round. He asked me was I happy with what was going on. So I said ‘No. I think de-centralised housing is far better’. And he said ‘Yes, I do. Maybe it will change in the future’. I just don’t know anymore, but that’s what he said.



This extract highlights that the Director was implementing a process – the recentralisation of services – he disagreed with. This is not to say the Director considered the decision poor or even inappropriate, although two possibilities arise: it was not his decision, or it was a ‘hard’ decision made as a pragmatic response to Best Value pressures.

Turning to the influence of residents the Newham front line staff felt that they had little effective input, and expressed some scepticism in the application of the new structures. NW5 for example recalled:

There was questionnaires answered about closing district offices. It wasn't ‘Do you [residents] want these district offices closed, would you prefer to keep a de-centralised housing system?’ It was ‘Do you want Canning Town or Custom House closed?’.

During liaison with residents NW8, while feeling “disempowered” and “sometimes I feel as if I’m not consulting them, and that’s on my conscience”, suggested that some move towards a more democratic regime was evident. NW8 gave examples of influencing the PFI process (as opposed to the proposition), and described the redevelopment of Canning Town as “... social engineering. You dread the [Newham] Recorder. The reality is that in terms of deciding the options to be taken forward, people weren’t consulted”. NW3 felt that tenants did enjoy a degree of influence, although not on broader strategic issues, rather “involvement will be on projects on estates”.

While it was agreed (by themselves) that front line staff had little influence on the decision to adopt the new structures, it was clear that they had some input during the change. This was alluded to by NW5 who suggested that some form of consultation with staff about change did generally take place, although:

In Newham Best Value consultation means when you put out some information, an exercise where a senior manager comes in and tells me ‘this is what’s happening, take it or leave it’. No proper discussion with staff.

A formal process of consultation with staff on the Best Value reorganisation proposals did take place through a series of staff forums. NW1 recalled that

“staff were involved at an early stage, deciding the shape of the service”, and although “that is not to say that the real decisions were not made later”, NW1 concluded that “it could have been a lot more stressful than it was if people hadn’t been involved at that early stage”. NW5 considered the staff involvement to have been contrived by management – “They had staff working in teams to report back to management, see how it was going. These were hand-picked people. It wasn’t ‘Do you want to volunteer?’, they picked people they wanted”. In essence, therefore, it appears that staff were notified of imminent changes through a formal network, although the extent to which their input was reflected appears to them to have been minimal.

### **Westminster**

The Westminster front line workers ascribed influence to residents and managers, albeit qualification and emphasis was apparent in their accounts.

Four of the eight respondents discussed residents, and residents’ groups, in the context of influence. WW6 noted an “improved level of respect” towards residents, rather than “treating them like the undeserving poor”. WW6 added that the “style of involving residents is still crude, I don’t think the Compact is very successful”. The respondent did point to one example of influence: “Tenants have had input on the contracts themselves, the way they are formulated”. WW4 described resident representatives as the “people who have influence in Westminster ... very old school, institutionalised, quite bigoted members of the community”. WW7 suggested that “Some of the tenants, I think it depends on the rep[resentative], around the estates have quite a bit of power”, although it was not clear what influence they had. WW7 continued: “You’ve got to draw a fine line, you can’t give them too much power, but at the end of the day you’ve got to listen to them”. WW2 pointed to a lack of resident inclusion: “I don’t think there’s enough consultation with the tenant, and I think we need to work on the culture that the Council won’t do anything they say”.



It is difficult to draw conclusions from this array of opinions, varying as they do between suggestions of dominance within the resident groups, and conflicting accounts of whether residents' opinions were taken on board.

On the question of which other groups or individuals may influence, again, a variety of opinions were offered. WW2 felt that it was "hard to tell", although the difficulty in identifying a source was obscured by the contracting process, and the influence individual contractors might have. Overall the prospect of contractor control led WW2 to "feel quite negative", and this remark was made in the context of profit and cost cuts. WW6 stated that control lay with "Senior managers without a doubt. I also think councillors, but the real driver of change is senior management". WW3 suggested that the lead came from senior management, and explained this in terms of the infrequency of contact and isolation:

Vic Bayliss [Director of Housing], whoever, might pop in, the odd email, I think that's happened twice over the last two years, it's quite them and us, not because we're treated badly or anything like that, it's just that we don't see them much (WW3).

WW4 expressed Best Value in terms of "Something senior managers have taken on board" with their "emphasis on reducing costs. They will see it as improving quality in the performance indicators". While senior managers may, from this point of view, have controlled the Best Value agenda, WW4 did not feel that this extended to accountability:

Ultimately we're the ones who will fall by the wayside if those things [performance indicators] aren't achieved. It won't be the senior managers, it won't be the Vic Baylisses. I think that most of the staff here recognise that.

## 14.4 Residents

### Newham

Resident representatives considered a variety of actors to be influential. The material in this section commences with NR2's account which reflects a broad range of influence, followed by the opinions of the other respondents, who located influence more specifically.

NR2 considered that since Best Value "The grey suits were beginning to be approachable. I didn't know before that you could meet these people, all they were to me was letterheads". This is not to say that senior officers, the 'grey suits', were the people in control, more that they were receptive to talking with representatives: "I think the Best Value they give is that they [senior managers] are willing to listen". In answer to the direct question 'who or what is most dominant in shaping your housing services under Best Value?' the respondent replied "That's a hard one. The tenant involvement unit, front line staff". There was no suggestion here that these groups led in any way: "They're scared of doing something which is right because they can be accused of leading a meeting", although they were essential in coordinating and enabling meetings. This was therefore recognition of the two tier process in participation – the creation of legitimate assembly, and the attendance of 'amiable' key actors, including the front line ("we get on very well") and management staff. Overall, the message conveyed was one of no single source of influence and that the systems of organisation under Best Value provided a balanced environment conducive to dialogue. NR2 made these comments in the context of day-to-day housing management, and reflected that the residents were "getting a good service". On broader issues, such as regeneration, NR2 was less complimentary. The following comment was made following a discussion of recent publicity relating to redevelopment proposals:

Don't listen to a word Robin Wales [Leader of Newham Council] says. Robin Wales is a politician. People hate him in Newham, they know what he is, they know he's all spiel, the only one they listen to who stands up there is Chris Wood [Director of Housing]. I'm not



saying that they don't know what he's up to, because people do know, but they'll listen to him, Chris Wood. When you come back [from the decant and redevelopment programme], what will the council tax be like? Will you want to live next door to people who have got Porsches outside?

NR2 is reflecting concerns about the displacement of a part of Newham's community by reference to a new Porsche-owning Newham resident group. The respondent was physically upset at this stage in the interview at the prospect of the split of this established community. Further, NR2 was unsure how representatives' views were being received: "They are being understood, they're being listened to, but what they are going to do about it nobody knows". Despite the obvious anxiety, there remained a sense of acquiescence: "I feel they know what they're doing, it's just a question of 'let's get the best out of it'". As for how this was to arise NR2 had emphasised the cordial rapport built up with senior council officers, and felt that this was the way to achieve valuable input into strategic agendas such as the regeneration proposals, as had been successfully achieved at estate level. However, the respondent felt that a vocal minority were "abusive" to the council officers. Further, this had led to NR2's withdrawal from the mainstream resident forums, allowing this minority to continue as a destructive and non-representative force:

I truly believe is that the Council is trying to do it [Best Value] but certain tenants are trying to stop them. I have absolutely no idea what their agenda is. The people being consulted are not the people, [the council] doesn't care who's representing the tenants.

The feeling that the opportunity to engage in dialogue about the future of Newham's council housing might be lost was the prime concern for NR2: "That's why I'm scared about being knocked off every committee". Two points can be made here. Firstly that NR2 was not, at any point, convinced that resident input *would* actually influence the eventual outcome of the redevelopment proposals (council indifference to representation and "nobody knows", above). Secondly, NR2 believed that the group of "certain tenants" engaged in blocking what could be a fruitful exchange of ideas. This was an account reflecting deep concern about an opportunity denied to shape strategic decisions, and maintain

any semblance of a 'bargaining position' in the face of Newham's future vision for housing provision.

NR2's account is difficult to place in terms of the appropriation of housing policy as it reflects all the actors considered in this work. Further, the suggestion of 'scattered influence' was challenged within other Newham accounts.

NR4 expressed influence in clear terms: "It's run by officers, and we're made to chase our own tails". As for how managers managed such control, NR4 offered two explanations. Firstly, there was the view that managers had effective control of the political process, where "Councillors don't know what's going on. What the housing scrutiny members are being told is what he wants them to hear. Officers tell the councillors what to say". Although the meaning is not entirely clear from this quotation, the significance centres partly on 'him', an Assistant Director, and members and residents 'being told' by officers in general. Secondly there was another reference to this Assistant Director who, NR4 proceeded to suggest, "has absolute contempt for residents. It's just him controlling things. All roads lead to him ... [the Assistant Director] told me I couldn't talk to councillors except through the Director". NR3, however, offered a different view of this Assistant Director, describing him as "approachable" and "a very nice man".

In addition NR3 offered views on influence in the implementation of Best Value. When asked who or what is most dominant in shaping services in Newham the respondent replied: "Managers, because they're approachable". The association here was that managers listened to the resident representatives, and acted on the information relayed. The problem with this account is that NR3 was using a variety of examples to define 'manager', including housing officers, tenant participation officers, housing team leaders (all defined as 'front line workers' in this work), as well as the Director and other senior managers. Notwithstanding this broad definition, it was clear that NR3 enjoyed a fruitful relationship with all staff:



The reason why they were so good is because they were so approachable. If I was off for a day I could walk round and go to the counter and ask to see them, then you'd hear the buzzer and they'd be down straight away, you could have a cup of tea or cup of coffee and say what you had to say, it works very well.

It is not possible to read 'dominance' into NR3's account because of this sense of cordiality, an issue important to the respondent:

Shouting and hollering got you nowhere, and I've been to meetings with our old committee and that's all they ever done, bang the table and walk out, and that proved nothing, you get nothing done like that. You rattle someone's cage and you'll get nowhere.

The decision making environment for NR3 was therefore constructive and responsive, unlike times past when the main problems lay with disruptive resident representatives. Concerning councillors and influence, NR3 felt that their role was peripheral more because of capacity than opportunity:

[Best Value] takes some explaining because it's all pie charts and column charts and stuff like that, certain members who haven't been on there for too long tend to get a bit confused, but there's enough of us there to help them out, and the officers help.

Overall this representative was satisfied with the implementation of Best Value and the involvement of all local actors, concluding: "We seem to think this isn't a bad old council, they are there listening. Now it's all open and above board. They have a brand new policy and we was involved in setting up the new policy".

In general it was difficult to locate the subject of NR3's account – quite 'what' the council was listening to. The respondent mentioned cleaning, repairs and caretaking as matters considerably improved with the advent of Best Value. In the context of decision making no such link was explicitly given, although these 'day-to-day' matters appeared to be of most concern. On these, as well as on the residents' involvement in shaping the services, NR3's account reflected a pluralistic relationship between all interested parties.

NR1's account differed from that of NR2 in terms of emphasis. During the interview, NR1 recalled examples of decision making including ratification of the vision, housing benefit privatisation, the Private Finance Initiative and Housing Revenue Account submissions. Overall the respondent expressed some dissatisfaction with the involvement of residents:

I have seen reports written [that say] 'We [LB Newham] have consulted the tenant reps', and I ring them up and say 'When?' [they reply] 'Oh, didn't I ring you last Tuesday fortnight?'. And that is their consultation: me. I'm just a tenant in Newham, I'm not 26,000 people. Even if they did tell me I probably didn't even pass that information on to my management committee.

NR1 is saying that Newham's management does involve residents in decisions, although the manner in which this is done could be improved. NR1 also identified a shift in the role of councillors and their relationship with residents since the arrival of the cabinet system of decision making that accompanied Best Value. Prior to the cabinet decision making unit, "Councillors would come along and say 'Well I think you should know this is being talked about'", whereas the councillors with whom the residents had built relationships were now out of the decision making forum, and not cabinet members. This had resulted in a situation where "The scrutiny committees discuss policy after it's made and disseminate it. So where it used to go from the bottom to the top, it's going from the top down".

NR1's account, and indeed those of the other Newham representatives, overlaps with the opinions stated in chapter eleven. In this chapter dealing with appropriation of policy, managers were portrayed variously as friendly, helpful, and obstructive; councillors as ineffective, benign, uninformed and, in the case of the leader, 'hated'; and front line staff referred to by one respondent as a vital and useful bridge between themselves and management. For the residents and their representatives a similarly mixed picture: a disruptive group of representatives, useful and constructive input on day-to-day matters, yet little input on 'larger' decisions made particularly at cabinet level. All of these comments explain more about the decision making environment than who actually makes decisions. This lack of clarity is partly due to the overlap between this section dealing with influence and the discussion in chapter ten dealing with



interpretation. The overall interpretation-influence link is considered again in the conclusion to this part. At this point it can only be stated that Newham resident representatives identified a variety of influences dependent upon personal methods of communication, the actor involved, the type of issue under consideration and the forum in which it was discussed.

## **Westminster**

In general the Westminster residents recalled influence centred on managers and themselves. Councillors were not considered effective in influencing policy, and staff were not mentioned in this context.

In answer to the question “Is any one group or individual influential in the implementation of Best Value?” WR2 replied:

I would say that managers are more powerful, but at the end of the day they are only one group. Whether they could get another group to go into cahoots with them I wouldn't like to say.

Despite the initial reference to managers, the emphasis shifted with further comments – “it's so open now” (on the relationship with managers); “we're all in it together, we all need each other” (on councillors); and “Two years ago we wouldn't have been sitting discussing council policy” (on resident representatives). The reference to ‘policy’ was illustrated by a recent example, where the authority agreed to discuss the prospect of opening up a stairway to deter “people sitting and smoking their drugs”.

WR1 did comment on the volume of material the authority had supplied and expressed some concern over an ability to understand the full context – “it takes time, there's only so much you can take in”. Overall, however, WR2 expressed guarded satisfaction at the involvement of residents:

Some people think they've got a second agenda, but I think I'll just take them on their word, because if you approach something positively then I think you'll get more out of it.

Contributions from the remaining Westminster representatives suggested a different interpretation of the source of influence in the authority. WR1 felt that the main driver of change was central government policy where “funding is the principal restriction, the real bugbear”, and proceeded to explain that “officers account for the difference between local authorities”, drawing on the example of Westminster’s extensive outsourcing and the Arms Length Management Organisations proposal. On the issue of Arms Length Management, WR1 continued:

Managers control meetings totally. Some councillors feel that they are almost being used. We ask for as much notice as they can give on the course they intend to pursue, what the results of the policy can actually mean, but that’s what we see as our future, so when a policy comes up, we as a Federation can get another group of experts, but at the moment we can’t do that, even to interpret it is difficult. A lot of it is social housing speak and it’s not even plain English, and is meaningless unless you’re way into the problem. Frankly many tenants don’t know what they’re being asked an opinion on and I’m sure the same is true of some councillors, and it’s couched in a way that there is no alternative, if you have choice, but it’s a meaningless choice. I think it should mean a lot more than that - whether you have one thing or the other, but whether you want either. It’ll take us three, four, five years to become the main tenant group that can put forward an opinion based on knowledge rather than gut feeling.

In essence WR1 is suggesting that officers lead the policy agenda, and within the above extract a clear sense of frustration is apparent at the presentation of one choice (Arms Length Management) which the residents are unable, or possibly unwilling, to fully understand and offer informed opinion on. WR4 felt that: “An issue is trying to take forward strategic issues, but we’ll just have to see where it goes”. This comment was made in the context of the lack of resident involvement in strategy pre-Best Value, and an acknowledgement that at least structures were now in place to facilitate the possibility of resident inclusion.

Councillors were presented by WR1 as either those who see politics as “a stepping stone to Parliament and you can completely write them off”, or the “dedicated ones who have a clear idea of what they want to do but lack the coordination to the extent that their input is meaningless”. On the other hand,



WR4 felt that the “acid test” of the new structures under Best Value would be the housing forum, and the interface between residents and councillors:

I think members might be concerned that their role could be affected by Best Value in certain ways, they feel that they are the elected representatives and they can see what the needs are. I think bottom-up is what we are striving for.

This links to WR2’s comment above, relating to new structures, although in this case some disquiet is evident concerning the new role of members. The “certain ways” relate to the housing forum itself, together with the (at the time) proposed cabinet system of political administration.

WR3 expressed a related frustration in recounting a meeting of the housing forum:

The most important thing is lack of knowledge. For example, I put forward a motion, saying that if (this) was adopted as an option, we could lay down some ground rules, basic principles, and I got one vote, not because they [the residents] disagreed but they didn’t know what I was talking about. We need the forum and the means of presenting issues.

This is suggesting incapacity of resident representatives to engage with coherence and confidence at the housing forums. Lacking ‘the means’ effectively placed residents outside the decision making process. Even if resident representatives were able to contribute, WR3 voiced a further concern:

We need to expand the tenants we’re consulting, we’ve got to find new ways of doing that, but they’re all [in their sixties] and we’re consulting that group all the time, but we need to have a crèche, but none of that is happening. This is a real problem.

This sentiment was echoed in general terms by WR4: “Whatever level of participation you have, how reflective is this of the tenants as a whole?”. WR3 also expressed a view that officers maintained a “Victorian monolith [within which they are] trying to keep control” and added an appreciation of financial constraints imposed by government on senior officers. What was not clear to the respondent was:

I don't understand why they're not saying that [the constraints are imposed by central government], they should say 'This is the policy we'd like to pursue but this is the policy we're being forced to pursue'.

As with the Newham cohort a variety of views centred on the power of residents and managers to influence change, with scattered references to other local actors. In addition the issue of overlap with the findings in chapter thirteen makes a full summary of the Westminster representatives' views difficult within the confines of this section. Full analysis has to be reserved for the summary.



## 14.5 Senior Managers

### Newham

Newham managers presented varied accounts of decision making. Most were comparative, and each contained a different emphasis, considering one, or more commonly, a number of groups as influential. In addition Newham's vision was assigned significance.

NM2 chose to describe current influence through a comparison with past patterns of control. Before the advent of Newham's vision NM2 felt that non-elected actors had little input – "If you compare it to several years ago in Newham they (councillors) probably didn't want to know what the residents thought ... the politicians said 'No. We run it. That's that. We don't want other people involved'". 'Other people' included senior managers, where their ideas were not taken on board "no matter how much the senior officer wanted them to happen" (NM2). The change, for NM2, arrived with the creation of the vision:

You see if you work in Newham, you know that, it's almost like what you learned at the first day at school, it's very helpful to senior officers because all we do is aimed at delivering that vision ... I think the vision has really provided a focus in Newham. In all the time that I've been here, it has provided a focus for all of us in that time, and those developments that have taken place are seen to support sustained delivery of the vision. That has been supported, and any that wouldn't have done that, we don't do them anymore, and there are a number of things we don't do now. Don't ask for examples because I won't be able to remember because we're so locked into positive stuff, there are certainly things we don't do because they wouldn't support the vision, and therefore we don't do them. So there is that hub to all of it, everything flies off the wheel in that way.

This extract has been cited in full to illustrate the revered zeal with which the vision is considered by this staff member. To parallel the essence of a corporate mission statement with such a personal experience as the 'first day of school' is testimony to the impact on this individual. More prosaically, there are certain practical loci – 'sustained delivery of the vision', and exclusion of options that do not conform to the vision that transcend other operational considerations,

including Best Value. Equally, the manager does not give any suggestion about what the vision might mean, having 'forgotten' abandoned practices through the focus on 'positive stuff'.

Although not recalled with quite the enthusiasm as NM2, one other manager referred to the vision. NM3 suggested that Newham had "changed its approach to delivering services anyway", and now "Best Value is only part of a process (led by) a corporate vision that we never had before". The change, therefore, arose not because of Best Value, but by the new corporate direction it had set. NM3 felt that this direction had been adopted by councillors who "have a vision, a published document", although this falls short of suggesting that the idea originated with members. Significantly, the vision arose because of a concern with the Borough's image – "We didn't want a reputation based on being the second poorest borough, there was a fundamental change of view, we wanted to get resources by saying 'leave it to us and it'll get spent best'" (NM3). Further, the vision was not a product of consultation – it arose "irrespective of the consultation process, and most people would go along with that" (NM1).

As to its origin, from their accounts the two managers felt that while councillors were agreeable to the vision, they were not specifically instrumental in devising it. It is therefore not clear who had the vision initially.

Moving specifically to the role of actors in decision making Newham managers reflected a belief that the role of residents was of some importance, although the commentary reflected a passive voice – a suggestion of what 'can' be done, rather than what was actually taking place. For example, two of the managers remarked:

What we can do is we can ask people out there who pay our wages, 'what sort of market would you like in relation to repairs and maintenance, anti-social behaviour, caretakers - what would you like? These are the funds that we have available, how would you like us to set it out?' (NM1).

You need to be prepared to listen to residents, think about delivering what residents want in line with your core vision and purpose, senior



officers need to be creative and able to turn those ideas into practical functions that deliver the outputs (NM2).

Aside from the reflexive aspect of these comments, two significant elements of constraint are evident: NM1's choice based on 'market' and 'funds', and NM2's reference to 'vision' and 'purpose'. Resident preference would therefore be sought within these guidelines. NM1 also mentioned the new forum – the Tenant Liaison Committee (TLC) – for discussions on wider issues, and “in that way we are accountable in very broad policy terms to tenants”.

NM4 expressed optimism with the arrival of the new regime: “Hopefully with more consultation under Best Value, I would say tenants are better off”, and NM3 reflected that there was now a “yearning to get what people wanted”. This was expressed by NM3 in two ways: the major strategic decisions which could not involve residents (“You can't talk to everyone ... that's a chief officer type approach”), and decisions that can involve residents:

On some of the consultation meetings I went to, people were saying 'I've never seen my housing officer, they're always doing their arrears', whatever, 'we want to talk to our housing officer', that shaped why we went to central arrears (NM3).

The rationale here is that housing officers relieved of the task of rent arrears would have more time to speak to residents, and the manager is suggesting that centralising the rent control section was informed in part by residents.

Front line staff, according to NM2, had been influential in the sense that they had demonstrated sufficient flexibility to help make change work:

... [front line staff] are influential because if they hadn't been able to make the change then all the huff and puff that I and the leader of the council and everybody else would come to nothing, because the organisation wouldn't have changed all the way through.

The decision to make changes under Best Value, or 'huff and puff' of members and senior officers, involved staff in the sense that they agreed with it or they did not. By cooperating with the drive to change, NM2 is implying that staff agreed

through deed. NM3 reinforced this view, arguing that the reorganisation was sensitive to staff needs in that “you’ve got to have a process that’s fair to all individuals ... there’s an equal opportunities policy to fulfil”. Agreement of staff was therefore reasoned and reasonable through this equitable method of transition.

In terms of their own influence, one manager felt that their role was central to Newham’s policy course:

I think we have got a lot of influence, I think we do have in terms of what we can do, the way that we can manage and control people’s lives, and the services that we deliver, yes very much ... In terms of my own role I have tried to influence the service in terms of the way I want to do it (NM1).

Generally, however, the influence of members and managers were mentioned in tandem. For example, the decision to partially centralise the housing management service was “driven by senior managers and members” (NM2), and overall NM3 recalled:

In my opinion what happens is that if an officer has an idea they’ll discuss it with members, some will agree, some won’t, like any group of people. They may ask ‘what will Canning Town get out of it?’. It’s about lead officers and lead members getting together, and then getting together with lead members of the community, but you’ve got to work at speed so you’ve got to have well formed ideas, it’s not just about officers making careers out of reports.

NM3 is acknowledging the role of members and other actors in the decision making process, while the important distinction is the origin of ideas, set with officers applying their ‘well formed ideas at speed’. This was echoed by NM2:

If you go to the politicians and say ‘This is an idea which is very very radical, gives you loads of problems, with the trade unions even, but will help you deliver the vision, what do you want to?’, they will make their mind up pretty quickly and most of the time you can get on with it, take the flak, deal with the problems, whereas if you don’t have that strong political leadership that can be lost in a committee for fifteen years.



NM2 is associating the political leadership with adherence to the vision, and a willingness to be persuaded by arguments that appear to fulfil vision-type goals. This was explained further by reference to a form of partnership between members and officers – while “the level of influence we can have can be considerable, you do have to have the politicians saying ‘yes, we want them to have that influence’”. NM4, while not suggesting that officers led the decision making trail, certainly reflected an opinion of being able to influence it:

Even though they are a Labour council councillors are absolutely genuine about the service to tenants. If I said to them, with a certain amount of evidence, that your best way forward is to get rid of the [in-house service], and employ someone else I think they would give that serious consideration, that’s my feeling, they wouldn’t turn round and say ‘No chance’, and I believe that, terribly focused on the service.

Having established that members did want the best services for tenants available ‘despite’ being Labour party members, NM4 felt that given evidence they could be swayed by an argument that appeared to coincide with that goal. Even so, NM4 concluded: “I personally feel that power is with the members, but I may be naïve”.

## **Westminster**

Influence in Westminster, for the managers, revolved around the triangle of councillors, residents and themselves. Staff simply endured change.

All of the respondents felt that residents had a significant role in deciding how services were delivered in Westminster: “Best Value is putting the resident, consumer, and the wider community, in the picture in a far more meaningful way” (WM2); “Who is in the driving seat? On the housing management side I would say that the residents are pretty high up there” (WM3); “Residents - I think initially we had to convince them that this was not just another talking-shop, and they started to see that they have more influence, and they are starting to embrace it” (WM1).

These views indicate that managers are clear that residents have 'meaningful influence'. This is not a picture of dominance, and sways between potential ('is putting', 'starting to embrace') and ambiguity ('in the picture'; placed to be, but not in, 'the driving seat'). The comments are directly related to the discussion earlier, on the way in which managers are interpreting Best Value, and the reconstruction of effective liaison structures and subsequent dialogue. Managers appeared confident that the means of expression is at least leading towards inclusivity of residents in decision making. This was illustrated in two ways by the managers – examples of successes with the new partnership, and emphasis on methods of discussion.

An example of success under Best Value concerned the 'panel' system of consultation, where delegates of the various resident groups assembled with officers, contractors and councillors to discuss management issues, where "residents are an intrinsic part of management, rather than just sitting there taking pot shots, saying 'You're rubbish', we have given them real power and influence" (WM1). This example did serve to highlight the distinct groups of residents – tenants and leaseholders – with WM1 adding that the presence of 8000 lessees did "lead the agenda, where they look for value for money". WM3 noted this characteristic above, under Compulsory Competitive Tendering, with the rise in "incredibly articulate" lessees during the City's enthusiastic sales programme.

WM2 expressed this aspect of influence similarly, insofar as the authority consults with residents about what service is wanted, which "forces the client to articulate what service is supposed to be provided, a sort of disciplined thinking in terms of the specification". The authority then negotiates with the contractor to provide the service necessary, and in this way "residents are able to influence the shape of a specification". Articulating wishes, and understanding the context, had been eased by management through the use of non-technical communication - "I think the trick is not to use the Best Value language, performance indicators and acronyms. It's more appropriate for officers to know what BVPIs are and so on, but make it real for them and they can really see what they get out of it" (WM1).



Concerning the influence of staff WM1 and WM3 did provide some feedback that reflected conflict and hardship during change, and a sense that staff were being persuaded of the arguments for housing management under Best Value. In recalling some of the negative aspects of change WM3 recalled:

There were some serious misgivings from a number of frontline staff, some of whom had been here a long time like myself, who were just not comfortable with the idea of moving into the private sector ... our internal trading wing had very little chance of competing if they had stayed in-house, they had to go out, to externalise and find a partner, I think that staff went through a very difficult time as a result of that externalisation ... as you may know we had a little piece of industrial action in March [2001], there was very strong feeling about leaving the public sector, and not a very happy one, and I think that a very small number of staff actually voted with their feet.

This extract points out that staff faced 'discomfort' at the sole option of externalisation, and they did experience hardship: they 'went through a difficult time', resorting to a strike and in some cases leaving the authority. The point to be drawn is that the opinions of staff were not taken into account in any major way, such as the reconsideration of externalising services.

WM1 suggested that the reason front line staff felt anxiety was because "they get wrapped up in conditions issues", but that overall the staff had "embraced the challenges we've put to them and they're getting more involved". The manager proceeded to explain the pattern of decentralised housing management that was now in place, and finished the contribution on front line staff and their involvement in decisions with the comment: "We could probably have done more to be honest with you".

Managers noted the place of councillors in the decision making frame as receptive and sympathetic to resident input, in that they were "by and large persuaded of the residents' particular arguments" (WM3). WM1 commented that councillors were, and to an extent remained, reluctant to embrace Best Value fully:

Members saw it as 'Come on we are already doing this', and there is still some cynicism amongst members that this was creating an

industry when what is needed is good management. Members have started to realise that there can be benefits.

It is unclear from this statement whether WM1 feels that members are seeing tangible benefits under Best Value, or are persuaded by argument. This is a similar sentiment to the consideration of staff, above, where early doubts will prove groundless once the 'benefits are realised'. It is perhaps more significant to note that none of the managers reflected any practical edge to councillors' cynicism, where fundamental objections to this new 'industry', for example, resulted in any change in practice. As to whether councillors shape Best Value policy in Westminster, only WM3 provided any clear indication of an opinion, stating that "There is no doubt that it is finally honed and ratified by the members".

This was the extent of Westminster managers' commentary on members' involvement and importance in decision making, and overall the suggestion is one of passivity, with their initial disquiet overcome to some extent.

Concerning managements' self-reflection on the dominance they have in decision making, WM3 considered their influence, in broad terms, as one of interpreting the wishes of others, and translating that into service outcomes:

Where senior officers come in is on the cost-quality issue, in that you get everything back on what people would like to see. I suppose the challenge perceived by officers is making that work, coming up with proposals about how that can work in real life (WM3).

The potential for managers to lead the decision making process was expressed by WM1: "Managers, obviously, are fairly pivotal because if they don't buy into it they can always find ten good reasons not to do something, they can be a stopper".

WM2 chose to illustrate power by reference to a detailed anecdote, describing decisions being "Led by not only the residents but also the wider community, churches, local committee groups, police, probationary services, [and] the health authority", as an example of the 'housing village' concept taking shape in Westminster. While not readily applicable to, say, day-to-day repairs, it does



offer an illuminating perspective of the breadth of considerations WM2 drew into the analysis and diffuses any suggestion that power is concentrated in the housing department.

## **14.6 Summary**

This section summarises the views set out by the respective actors relating to influence during Best Value, and is organised in two sections. The first sets out the views of respondents from both authorities, and the second is a consideration of change during the implementation of Best Value.

### **14.6.1 Best Value and Influence: Respondents' Views**

#### **Councillors**

The politicians of both authorities considered they had a place in decision making. The difference between the two concerned their level of involvement. The Newham councillors felt that they actively controlled the overall shape of housing services, and this was achieved with the cooperation and assistance of their management team. References were made to the selection and supervision of managers as an active and ongoing part of their remit. The Westminster councillors conveyed a similar impression although their role and relationship with managers was relatively passive; 'monitoring and trust' compared to the 'policing and guiding' of their Newham counterparts. Managers were therefore seen as subordinate to councillors by councillors, although the relationship was different between the two authorities

On the place of residents the Newham councillors were confident that their wishes were being met through funding to meet estate-based projects and the new front line organisational changes. There was some doubt as to whether residents were being fairly represented through current structures (dominance by NC2's 'negative white working class men' for example) or sufficient (NC1's 'link strengthening'). Similar feelings were expressed by the Westminster councillors, although there was a less confident association with influence, varying between 'not much' and 'most increased' under Best Value.



The politicians of both authorities considered the role of front line workers as minimal. This was described in a matter of fact way in Westminster, compared with the charged distinction of staff 'with or against us' expressed by the Newham councillors. Those willing to provide a good service were welcome participants in Newham. Those who were not willing could leave. Their power was compliance.

Markedly similar themes were reported by the councillors, therefore, with differing emphases.

### **Front Line Staff**

The staff of both Boroughs gave varied accounts of influence.

The Westminster and Newham workers both relayed the message of 'no influence' for themselves, although the Newham group did recall involvement, characterised as information dissemination, not shared by the Westminster staff.

A suggestion of managers' power permeated through both sets of accounts. Of those that expressed an opinion the Newham front line staff did agree that managers had most influence over Best Value policy. The Westminster workers' impression was more diffuse with suggestions of a management 'fingerprint' on service organisation, with no clear agreement. Neither account was unequivocal or strident.

On resident influence both sets of workers considered that they were consulted on Best Value changes, and this did not translate to influence. Isolated exceptions to this overall message included the notion of influence over estate issues in Newham, and that some resident representatives were able to influence contract specifications in Westminster.

Councillors' influence was mentioned by two Newham respondents, with comments of 'powerful leadership' and 'dictating policy', and one worker was

unconvinced of councillors' awareness of organisational change at all. Westminster staff made few references to councillors in the context of power.

Overall, the only two consensual points were that front line workers have little influence, and that influence seemed to come variously from either management, councillors or residents.

## **Residents**

The resident representatives' accounts reflected opinion on a variety of themes.

Views on the representativeness of resident delegates were expressed by both sets of respondents. In Newham three accounts highlighted 'disruptive table bangers' causing an unruly and non-productive atmosphere. Two of the Westminster respondents expressed concern that the demographic profile of residents had not been reflected in their representatives. This was an example of potential influence misplaced in both authorities, with different reasons attached.

The probability of realising influence was considered limited by both sets of respondents. In the case of Westminster this conclusion is deduced from the opening responses when neither residents nor their representatives were listed as 'of influence'. The one exception to this was the reference to an 'open forum' by one respondent, and the subsequent estate management success. In Newham the situation was similar. Accounts of fruitful exchanges between council staff and resident representatives were recalled, when opinions could count. The clearest example of this was given by NR3 associated with local estate matters. Two other respondents (NR1 and NR4) were less complimentary about the relationship, reflecting that they were told rather than asked about impending changes.

Linked to the opportunity and merit of informing decisions was the notion of capacity; the ability to contribute constructively to debate. The issue was of most concern to Westminster respondents with comments such as 'lack of knowledge'



and large amounts of information to 'take in'. In Newham by contrast one representative recollected giving assistance to councillors on occasion.

On the influence of other actors, several comments arose. In Newham NR2 expressed respect for council officers delegated to oversee a programme of resettlement. S/he felt that senior managers, approachable and helpful, were delegated to administer overarching changes in the Borough orchestrated by the political leadership. This sense of unassailable political process directly attributable to Best Value was also referred to by NR1. While powerless in this process, and deeply sorrowful of it, NR2 felt happy with the involvement and influence in day-to-day matters pending these more substantial changes. Other representatives in Newham referred to variously obstructive, helpful and ostensible involvement by managers. Similarly one Westminster respondent recalled open and fertile dialogue with managers, the group identified with 'getting things done'. Others referred to managers in a less complementary way, talking of 'control' and the difficulty in voicing opinion on strategic matters. These comments were couched in faintly optimistic terms as the new structures for involvement were just taking root.

Four issues, therefore, were identified for the resident representatives: disagreement and conflict amongst their ranks; opportunity to input; capacity to input; and influence centred on politicians and managers.

### **Senior Managers**

Two of Newham's managers placed great store in the Borough's vision. This was the source of inspiration governing change, and any decisions consistent with the vision were, more or less, justified. As for who made 'vision-like' decisions managers felt that they were a necessary ingredient with sufficiency arising from other sources: councillor agreement or complicity; resident and staff involvement, and guidance from consultants' reports. The Westminster managers did not refer to any underlying theme as informing decisions. Their account of influence was otherwise similar to that of the Newham group. It would be appropriate to conclude that managers of both councils see themselves as

juggling a variety of considerations, and that they interpret and implement policy according to these influences.

Councillors in Newham were considered influential by management, at least insofar as they would need to be persuaded of proposed policy changes. The impression gained from the Westminster managers was that councillors were benign yet involved, with an underlying, possibly patronising, view of that involvement as peripheral, with phrases used relating to 'persuading of argument', gradual awareness of issues, and 'honing and ratifying' decisions. While the place of councillors could be construed as an obstacle the relationship between the councillors and managers in both councils was portrayed as cooperative and productive.

Staff were not considered influential by either set of managers. Their acquiescence and, in some cases, sacrifice was acknowledged together with an expression of remorse at not having involved staff to a greater extent by one Westminster manager. Taken at the extreme representation, managers considered that the legitimate way in which staff could express their disquiet would be to leave their job.

The Newham managers articulated engagement of residents in decision making, and examples were given where they could inform policy. This affirmative stance was set against more subdued and qualified language such as a 'yearning' to involve residents, and 'hopefully' they would become more involved. In addition parameters for involvement were referred to, notably funding constraints, market choices and the vision. The emphasis narrowed in Westminster with involvement enthusiastically reported on contract specifications. The inference overall is that Newham managers see resident opinions informing the overall policy environment within constraints, and Westminster managers see residents' input as significant in manipulating a part of that environment.

Taken as a whole the key differences between the managers' explanations of influence are Newham's underpinning importance of the vision, a more



reverential opinion of politicians, and broader resident involvement in change. The views on their own role and the role of staff were aligned between the two authorities. This finding only partially explains who or what drives change under Best Value from a manager's perspective. It serves mainly to highlight the variables and differing emphases between them.

#### **14.6.2 Influence, Best Value and Change**

Five aspects of change concerning influence and policy implementation can be identified.

Firstly, the role of front line workers in Newham appeared to have become consolidated. Chapter eleven contains references to working in partnership with employees and their unions to enable transformation. The co-operative spirit of this coalition was not reflected in the field research, with the overall impression that front line staff endured rather than embraced the changes that were taking place described in chapter thirteen.

Secondly, the role of councillors in Newham shifted from frustrated powerlessness to active control over housing service changes taking place. Their vision statement, that pre-dated Best Value, could now be pursued with greater ease. For the Westminster councillors concerns over controversy associated with past service decisions had, to a large extent, been allayed. References to particular councillors were made in the interviews. In Westminster the impact of a previous leader (Shirley Porter) was remarked upon, with no sense of a leading figure under Best Value. In Newham, the current council leader (Robin Wales) had been mentioned in the context of Compulsory Competitive Tendering and the direction of the Borough. In this chapter references were made to 'core councillors', and no single councillor was attributed with particular dominance.

Thirdly, residents of both authorities commented upon the increased opportunity to contribute to decision making processes, with a marked change for the Westminster respondents. This was tempered by comments relating to the inability to influence particularly strategic decisions, conflict within resident

groups, and the dominance of managers in Westminster, and the combination of managers and councillors in Newham. Managers of both authorities commented upon the increased role of residents in decision making. This was partially verified within the residents' accounts of day-to-day decisions, although these accounts recalled that influence over strategic matters had remained minimal.

Fourthly, Newham's managers spoke of an improved environment in which they could pursue changes not possible under Compulsory Competitive Tendering. Sustaining the semblance of a market-influenced housing service had created stress and stifled innovation. They now helped shape decisions (this was agreed by other respondents) with the vision serving as a crucial guide. The Westminster managers' accounts reflected continuity between Compulsory Competitive Tendering and Best Value.

The final change during Best Value concerned the coalitions that had been formed. The clearest example of partnership that had arisen was between Newham's managers and councillors. Although this recent link has to be partially inferred – no explicit mention of difficulties between these two groups was revealed during Compulsory Competitive Tendering – clear evidence of mutual support and involvement arose on questions of Best Value implementation. Evidence of an alliance between managers and, to a lesser extent, front line staff and residents was also commented upon in both authorities. However, as discussed in point three, above, this could only be considered constructive in the case of day-to-day matters.

This section has provided an account of influence, and changing influence, during Best Value. A fuller appreciation of altered relationships requires a consideration of each of the matters covered in this part: the situation prior to Best Value, and issues of interpretation and influence during this early stage of implementation. This is undertaken in the next chapter.



# **CHAPTER FIFTEEN**

## **Field Research Summary**

This chapter presents the field study findings in two sections. The first considers the changes that took place during the research period. The second section is an appraisal of how changes took place. It has been the contention that managers will, if they are able, direct change to suit their preferences. This chapter is therefore a reflection on the field data based on these two elements: change and influence.

### **15.1 Change and Best Value**

The field data revealed a number of changes that arose following the implementation of Best Value, and these can be broadly categorised as changes to services, influence and ideological alignment.

Services received comparatively little comment during the interviews. The performance data (table seven) revealed significant changes in costs of service provision, with increases in Newham and decreases in Westminster. Any effect of these changes was not reflected in actors' opinions of service change to any marked extent.

Influence was the main theme of the field research, and received comment from all groups of respondents at each stage of the interviews. During the feedback on interpretation of Best Value (chapter thirteen) comments centred on the Compact as a potential vehicle of influence, with the optimism of managers countered by general negativity from the residents. Chapter fourteen predictably provided the clearest picture of shifting influence under Best Value, with the largest changes arising in Newham. Here, councillors reported a central role in determining service orientation not experienced under Compulsory Competitive Tendering; residents found inclusion on day-to-day matters had increased, although input on strategic decisions remained inadequate; staff had come to tolerate the new

regime; and managers were enjoying increased freedom to innovate and shape services according to Best Value. In Westminster the impression gained was one of safe consolidation; changes had been subtle with the key hurdles, including staff complicity and the move to contracted services, overcome during Compulsory Competitive Tendering.

Newham's ideological direction received emphatic comment from councillors, with Best Value seen as broadly compatible with changes envisioned. Managers were generally more cautious, providing qualified reinforcement of the politicians' enthusiasm. As with influence, Westminster respondents offered a more restrained appraisal of the impact of Best Value, centred on continuity rather than change.

The following section provides a fuller analysis, again drawn from the field data, of how and why these changes arose.

### **Context, Policy and Influence**

Best Value arrived as an answer to a problem. The problem was twofold: the need to increase the efficiency of local authorities, and the failure of the forerunner, Compulsory Competitive Tendering, to do this. Chapter ten was a description of the situation prior to Best Value, informed by interviews from those with first hand experience of events that took place.

Westminster embraced Compulsory Competitive Tendering with enthusiasm and created a partially contracted model of provision. Newham was originally politically opposed to Compulsory Competitive Tendering. The decision to later volunteer for Compulsory Competitive Tendering, and innovate generally, arose from a drive to solve problems by changing approach through a form of general dynamism. As one manager remarked: "Why do we do it? We've always been that way, and I think we've attracted good staff along the way, and over a period of time councillors, directors come and go, but that momentum to see change has always been there" (NM3). The accounts, particularly those from the other managers, councillors and staff referred to a particular change that arose in



Newham, rather than this opinion of an innately flexible authority. Indeed, the adoption of Compulsory Competitive Tendering could at first sight be considered a radical response from a staunchly Labour authority. Overall, the respondents agreed considerable change happened around 1994 (this was also borne out in the literature survey) through councillor leadership – the “few young councillors” in the words of NC1.

Change, to move away from a Borough synonymous with poverty, was characterised by ‘blue sky thinking’ and a new, open, engagement with alternative modes of provision set in the light of a blunt assessment of poor past service provision. As part of this introspective, two key events can be identified as significant. The first was the formulation of Newham’s vision in 1997, a statement of clear intent and a near-universal point of reference for the councillors and managers. The second was the announcement, also in 1997, of Best Value. Best Value created an opportunity to meld Government policy with a new ideology.

This notion of opportunity marks the difference between Newham and Westminster. Both shared a commitment to Best Value. The significant point that arose in the field study was the nature of that commitment. For Westminster Best Value was seen as a continuation of past practice. For Newham Best Value created the opening to address what were seen as fundamental problems with their housing management service.

The ways in which actors were engaging with Best Value was set out in chapter eleven. In Newham the lead and general impetus arose from politicians, who in turn delegated the translation of Best Value process to Newham method to their management team. In Westminster the implementation of Best Value was followed by their management team. The ways in which Best Value was implemented led from the signals generated by these groups. In Newham implementation was characterised by reference to generalities set out within the vision such as customer focus and modernity: a political implementation. In Westminster implementation was enabled through managerial orientation of Best Value to existing practice: a technical implementation.

The technical rationale of Newham's decisions to shape services under Best Value was not shown to be understood by managers, or any other actor within the Borough. Decisions rested on the need to change, without any clear indication about why change was necessary beyond the vision, and the extent to which it and Best Value were compatible. As for the nature of change, the direction set, while appearing open, featured the frequent suggestion of external providers. The only evidence of this direction realised was Newham's housing benefit service, a decision unanimously discredited (by those that expressed an opinion) during the interviews and subsequently reversed. A similar lack of assuredness associated other aspects of the implementation of Best Value, including the Private Finance Initiative and the Local Service Centres. However, and despite the lack of precision with which current implementation could be appraised, it was clear that confidence in the political direction remained for the councillors and managers.

In Westminster the technical basis of implementation was expressed in an assured manner, with managers drawing on refinements to past practice. The need for observance of underlying political direction was acknowledged, although it did not constitute a reason for any particular service decision. For Westminster the processual requirements of Best Value and the technical articulation of those processes could be accommodated within a consolidated ideological framework. In Newham this state had not yet been reached.

Alongside these technical and political aspects of implementation is resident involvement. In Newham the residents indicated familiarity with and, in some cases, an understanding of the Authority's vision. The issue for the residents was the inability to negotiate any sense of control over strategic decisions that arose. This situation was in part related to capacity and the difficulties associated with understanding how, as the vision makes clear, those decisions would benefit themselves and their communities. The situation was also related to the relationships between the residents and the authority and within the representative groups. For day-to-day affairs the interface proved reliable and conducive, and residents were generally content with the exchange in this regard.



For strategic decisions, the resident representatives expressed frustration with both their own ranks and the conflicts within, and the direct involvement they had with Newham's management. In Westminster, the residents reflected a similar experience although their engagement with day-to-day issues, such as the negotiation of contract terms and lessee involvement, was more clearly expressed.

In both boroughs, front line staff had little direct influence over changes under Best Value although a distinction could be detected in the way this was managed. In Newham the staff were involved in the implementation of Best Value, with a ready flow of information and an awareness of the political context in which change was taking place. In Westminster staff were, in essence, told of service changes with little evidence of consultation. The requirement for compliance was the same in both authorities although the matter of information exchange appeared to be a necessary element in Newham.

In conclusion the implementation of Best Value at a strategic level was marked by two characteristics.

The first concerned the extent to which the ideological alignment of a local authority to a new policy is consolidated. If the political context is established, as it was in Westminster, that policy can be enacted in a methodical way by those technically able and empowered.

The second concerned the management and reconciliation of relationships within the Authorities. This aspect of implementation was important in Newham pending political realignment. The councillors required strong assurance that their managers would devise methods of delivery in line with their vision and the requirements, as they interpreted them, of Best Value. Managers in turn required authority from the political leadership, and autonomy within ideological boundaries. An additional and complex aspect of relationships during implementation arose between managers, and residents and staff. These relationships were especially profound in Newham. Newham managers acted to conciliate these groups. For residents this involved an open dialogue on the

matters of principle and detailed aspects of service provision, and for staff informing them of change.

The key difference between Newham and Westminster during the implementation of Best Value was the nature of leadership. In Newham this was characterised by the mutually supportive partnership between managers and politicians. In Westminster implementation was dominated by strong managerial leadership. In essence political leadership marked the nature and pace of strategic change, and the character of Best Value implementation.

The overall argument in this thesis is that the implementation of Best Value will produce unpredicted effects. The theoretical basis of this argument was that managers, far from facing constraints implicit within Best Value, would be able to enact strategies in their own interest. The adequacy of this line of enquiry is addressed in the thesis conclusion. The review of Best Value in part two suggested a variety of routes could be open to local authorities seeking compliance with Best Value. Whichever route becomes adopted is a product of the lattice of local relationships revealed in the field work and the political context in which they exist.

A final consideration of the ways in which councils are interpreting Best Value, and the reasons behind certain patterns of implementation, is discussed in part five, the thesis conclusion.



## **PART FIVE**

### **CONCLUSION**

This thesis has examined Best Value policy; its background, content and possible manifestations. Implementation of the policy was explored from a theoretical perspective, and the ideas and observations were tested in a field study centred on two London local authorities.

The central research question is: 'In what ways were local relationships redefined following the introduction of Best Value?'. This question was refined through the use of three specific questions: 'How is current implementation dependent on past practice and circumstance?'; 'To what extent is the implementation of Best Value in line with the expectations of those associated with Best Value processes?'; and, 'Is any group or individual associated with Best Value processes able to influence implementation?'.

This conclusion has two aims: to summarise the research, and to consider the answer to the central research question in the light of the theoretical approaches discussed. The objectives are to appraise the usefulness of the research and suggest avenues and approaches for future investigations in this field.

# CHAPTER SIXTEEN

## 16.1 Thesis Summary

In this section the approach used and the data findings are summarised.

Part one, the thesis introduction, lists three reasons for this research and a central research question: 'In what ways were local relationships redefined following the introduction of Best Value?'. Concern with the notion of 'outcome' combined with insights from theoretical and policy analysis led to three sub-questions centred on the importance of context, interpretation and influence. These questions, or hypothesised variables, were interrogated throughout the remainder of the thesis in three ways: analysis of Best Value policy; theoretical explanations of local policy outcomes and a field study.

This analysis of Best Value in part one was marked by three broad investigable possibilities:

1. The first concerned the context in which Best Value is set. It was suggested that this may be of importance in the interpretation and implementation of the policy, and led to the first sub-question relating to past practice and circumstance.
2. The second concerned Best Value. In essence the leaning was to search and find precisely what 'kind' of policy this is. Best Value appears to necessitate a variety of requisites – increased quality of services at a lower cost, measurement of welfare services, accountability, detailed monitoring of provision, and a plurality of involvement and influence. Providing any kind of prognostic analysis from a description of this unique (for British public policy) fusion of elements was problematic. This was however the task set at the beginning of the dissertation, and to understand the likely modes of implementation the second sub-question concerning expectations under Best Value was presented.



3. The third concerned who might be in a position to direct the shape of service provision under Best Value. This facet was of particular interest given the prominence residents' opinions are explicitly given, and led to the third question on influence.

These three elements were considered important aspects of policy implementation. Chapter two appraised a variety of theoretical ideas that could guide the research, and establish the direction local agencies and agents might like, and be able, to explore and attain. Achieving a measure of clarity was tackled through the theoretical examination of these points, with the conclusion that meso-level field research, using theory developed by Patrick Dunleavy, would provide a suitable framework for investigation.

Part two examined change during Compulsory Competitive Tendering, and anticipated change during Best Value.

On the first point, it was concluded that local authority actors had experienced an environment in which significant changes had taken place. These related to, for example, councillors' reduced direct involvement with services, and poorer conditions for front line staff. These changes had been mediated at a local level between four main groups: councillors, residents, managers and front line workers. However, from the research available, it was not clear how change was managed beyond association with certain domains, with management and councillor interest centred on strategic matters, and staff and residents' involvement with day-to-day services.

Concerning change during Best Value, the conclusion drawn was that a number of routes could be followed. Chapter five concentrated on three possible scenarios: continued in-house provision, stock transfer and hybrid solutions involving third parties. Of these, continued in-house provision would prove difficult, especially in light of the additional funding available to Arms Length Management Organisations for example.

The move from Compulsory Competitive Tendering to Best Value was summarised in chapter six. Three points were made. Firstly, past patterns of service delivery would be important in the implementation of Best Value. The reason this point held importance was related to the variety of routes open to local authorities. The second point concerned interpretation of Best Value. Having established that a number of interpretations could apply, and previous patterns of service delivery were of importance, it was necessary to determine the ways in which Best Value was being considered. Finally, the matter of local influence. This point was raised because of the significance of resident involvement within Best Value, and indications that resident influence had not been a prominent requirement of Compulsory Competitive Tendering. Overall, the conclusion drawn at the end of part two was that considering change under Best Value involved more than appraising policy differences. Change would involve past circumstances, competing and complementary interpretations, and success and failure in realising those interpretations.

The aim in part three was to explain, using theoretical ideas introduced in part one, how the questions of context, interpretation and influence could be considered within field-based research.

The first stage of analysis was an explanation of the general shift in British public policy. This shift was explained in terms of public choice theory, with the conclusion that Best Value could limit the harmful intervention of managers as they, in public choice terms, inflate budgets, overstate supply and restrict the flow of information.

The second stage involved deciding whether public choice was based on sound reasoning, and was addressed through an evaluation of another, broadly competing, theoretical idea. As the point of focus, the bureau shaping thesis advanced by Patrick Dunleavy was discussed in chapter eight. The basis of Dunleavy's ideas dovetailed with many of the issues raised to that point in the thesis, most specifically the three elements (context, implementation and influence) drawn from the earlier theoretical and policy discussions. These were also ideas that did fit with the key issues identified to answer the research



questions. The main attraction of Dunleavy's model was his suggestion of how a particular form of organisation would arise: the strategies of bureau shaping. Managers would act to isolate themselves from operational matters.

Consideration of public choice rationality and bureau shaping strategies therefore lent an interesting perspective on the issue of change following the implementation of Best Value. In which direction would managers push: towards empires or enclaves?

What remained was a practical test of these ideas. The chosen frame was simply and loosely based on the three research sub-questions generated earlier in the thesis. As suggested, these matched some of the crucial aspects of Dunleavy's ideas. Dunleavy placed importance on a 'safe' environment for strategies to be enacted: it was therefore important to establish matters of context and 'alignment'; actors' 'place in time'. He also looked at the way in which organisations changed shape, and considered that managers would seek to distance themselves from 'front line drudgery': it was therefore important to understand how actors were interpreting Best Value. Finally, it was suggested that his ideas could be applied to 'empire checking' policies such as Best Value, whereupon managers could turn the policy in quite the opposite direction to that predicted by public choice thinking. It was therefore important to establish who, if anyone, was controlling the way in which Best Value would be implemented.

The field study was based around these three constructs, upon which it was judged that a description and explanation of Best Value implementation could be established.

Chapter eleven (Published Accounts) established two 'willing' authorities: both had enthusiastically adopted Best Value and set similar operational targets. Two significant differences were identified. The first was the relatively evolved nature of Westminster's housing service, with a largely contracted mode of provision. The second was the apparently smooth transition to Best Value in Westminster. Newham's adoption of Best Value was characterised by many obstacles: 'crap' services, ideological change, recalcitrant staff and a general failure to contract

services despite their early adoption of Compulsory Competitive Tendering. The point relating to poor services was not entirely borne out by performance data. The borough's costs, in particular, compared favourably with those of Westminster. Despite this apparent anomaly, the thrust of Newham's message was the drive for change and the borough, by the reasoning behind the 'alignment' question, would in practice find the move to Best Value more difficult.

Chapter twelve (Pre-Best Value Context) confirmed the message of the published accounts: Newham was heavily 'misaligned' to Compulsory Competitive Tendering notwithstanding their pilot experience. The main similarity arose with the consideration of participation, with conflicts recalled by resident representatives seemingly 'forgotten' by the other respondents of both councils. The difference between the two authorities reported by actors was not any issue of administrative substance, such as a lack of funds. The difference lay in image, and this was vividly characterised by councillors in Newham as a time of 'disruptive', 'fraught' and 'reactive' relationships with residents, workers and Government. Overall, advocates of Best Value (broadly, managers and politicians in both authorities) would find their opinions more palatable and 'enactable' in Westminster than Newham. If Newham could negotiate this matter of image, and smooth the relationships with antagonists, it appeared that the authority would be better placed to implement Best Value.

Chapter thirteen (Interpretations of Best Value) revealed marked differences in the ways actors considered Best Value. The key interpretive theme was consultation, a major part of Best Value through the Tenants' Participation Compact. Councillors and managers considered that their relationship with residents was productive and open. Residents did not. The exception to this disparity related to inclusion on day-to-day matters, which had improved with Best Value. The interviews and non-participative observation revealed patronising and marginalising treatment of residents on strategic matters, particularly in Newham.



Managers and councillors projected the notion that they would accommodate any mode, contracted or in-house, provided that an improved service would follow. 'Improved service' meant, by and large, adherence to the national Best Value indicators. Some irritation was expressed by managers and councillors with the monitoring and measurement regime. These reservations were expressed in administrative terms, as a burden, rather than say lack of sensitivity or appropriateness. The technical performance, audit and inspection aspects of Best Value were of little concern to residents.

The Newham councillors ascribed great significance to the importance of Best Value as a process to reinforce their vision, whereas the Westminster politicians were content to let Best Value 'unfold' as a coincidental aspect of what would have taken place in any event. Newham's vision was mentioned frequently by their management as an important locus and legitimacy for service changes.

In Westminster the method of Best Value service provision was a matter of record. The service was already contracted, and the latest proposals reflected refinements to their contracting method. In Newham the future was uncertain. The clearest substantial example of change was Newham's Canning Town Private Finance Initiative scheme where residents were effectively blocked from contributing to the actual decision.

Chapter fourteen (Influence and Best Value) established the powerlessness of front line workers. This was of significance in Newham in light of references to past union organisation and the suggestion of influence. This appears to have ended. The remaining influence in both authorities revolved around the triangle of councillors, residents and managers. Managers and councillors of both authorities thought residents had reasonable input into the manner of housing management under Best Value. Residents, with some exceptions relating to day-to-day services, disagreed. Within these common factors an important distinction arose: the place of councillors. In Newham the portrayal (by themselves and others) was one of a highly influential, 'hiring and firing' and determined political group. The Westminster councillors were passive to a greater extent. 'Benign' would understate their role; the impression given was that they would

and could intervene if the need arose. That requirement had not arisen in Westminster.

Within these accounts of context, interpretation and influence it became possible to clarify the answer to an important question: how local actors would *like* to see Best Value implemented. It is notable that none of the respondents chose to 'interpret Best Value' in terms of quantitative data. For example, Best Value could have meant percentage increases or cost savings. 'Outcomes', or at least the route to them, was expressed in rather different ways between groups and individuals.

For residents the key issue clearly related to involvement. In general there was an affirmative message attached to influence and involvement in day-to-day matters such as 'drug users on stairs' and the 'nuts and bolts' for example. The Newham representatives relayed a message of being excluded from any influence over the strategic issues they became aware of. 'Strategic' specifically meant the Private Finance Initiative, rent levels and redevelopment proposals in Newham. The Westminster representatives did not make such a clear delineation between strategic and day-to-day matters. Their message was that involvement was readily available, although whether their voice and opinion was taken notice of was difficult to determine: opinions varied between hope and pessimism. A similar feeling accompanied available forums, with Westminster's newly introduced panel 'on trial'. The cabinet system in Newham had changed the perception of decision making from one of 'bottom up' to 'top down'; matters had deteriorated since Best Value. Services such as repairs and estate cleaning were mentioned by respondents from both authorities. While improvements were desired, the key theme – the 'required outcome' for residents – was influence, and this had not arisen in either authority.

Front line staff expressed dissatisfaction relating to their conditions of work, with the Newham group demotivated by workloads and the Westminster group by pay. Overall, their views were similar, and similarly split, relating to services and organisation of administration. It is therefore not possible to state with any



precision staff views on Best Value outcomes, and changes that might reasonably have been expected, aside from the comments on conditions.

Staff and residents were not in the main satisfied by events under Best Value. Councillors and managers were more satisfied, and their views reflected optimism about the changes taking place.

Managers in both authorities noted that since Best Value consultation with residents and administration of services, both lacking during Compulsory Competitive Tendering, had improved considerably. Both groups also expressed confidence in their authority's methods and performance.

Newham councillors felt that Best Value was an important adjunct to their continuing ideological reorientation while Westminster councillors, somewhat wary of 'deflection', maintained a stoical outlook. The significant distinction between the two authorities was expressed by Newham councillors and managers. This related to the change necessary to become a 'modern' council. Best Value in this sense was important for Newham and relatively inconsequential for Westminster.

The summary of the field study, chapter thirteen, concluded that the essence of implementation lay with leadership. In Westminster leadership lay with management and their technical interpretation of Best Value. In Newham politicians and managers determined change.

The account in this section has, to this point, described the main findings of the research. What follows is an answer to the central research question.

## 16.2 Relationships and Best Value

The aim of this section is to summarise the evidence obtained from the field studies. This information is required to answer the central research question: 'In what ways were local relationships redefined following the introduction of Best Value?'. The answer to this question is, in the first instance, drawn solely from the field data organised according to the questions asked.

Firstly, is current implementation dependent on past practice and circumstance? The answer to this question is a qualified 'yes', and the significant point to consider is the extent to which the fingerprint of past patterns of organisation delivery and political orientation mesh with the processual requirements of Best Value. The literature associated with Best Value indicates that Newham had progress to make in several areas. For example, references were made to 'hostile' staff, unions, and councillors, particularly on the issue of externalising services. In addition, the theme of Newham's future was change. This was in contrast to the picture portrayed by Westminster, where change was characterised as evolution, and not the transformation anticipated in Newham. It is likely that Westminster will implement Best Value, and produce the types of cost-quality outcomes described in chapter one, with relative ease compared to Newham because of its strategic alignment. It might therefore be assumed that relationships in Westminster will not change to the extent of those in Newham. Whether this assumption holds, and the matter of which relationships change and in what way, can be assessed following consideration of the second research question.

The second question to inform the central research question concerned actors' expectations and Best Value. Managers and councillors were broadly in favour of the policy although for different reasons. Councillors were concerned with bolstering (Newham) or maintaining (Westminster) their respective ideological directions, and in this sense 'doing' Best Value presented no problems in use. When taken in this manner of a verb, the managers' interpretation gave a practical meaning to Best Value. Best Value meant improved resident



involvement and administration of services and an open appreciation of competition. Both sets of managers supported performance indicators, although not necessarily those prescribed by Best Value, and a confident and possibly tolerant view of the inspection service. In other words Best Value process could achieve Best Value costs and quality. These two sets of interpretations were compatible: the process 'sits' within the ideology.

Residents' expectation of Best Value was expressed, in the main, in terms of their involvement in Best Value processes. There was a general satisfaction with involvement in day-to-day service provision, and with some exceptions, services. Feelings differed, between frustration and resignation, on the matter of involvement in Best Value strategic decisions relating to the mode of provision including service organisation (location of housing service offices for example), Arms Length Management and PFI.

Analysis of staff views was problematic in that 'strong' opinions were hard to elicit. The consolidated sense of resignation to issues such as pay, stress and workload with no sign or sight of respite or remedy broadly characterised their view.

The expression of expectation is an important aspect of implementation for two reasons. Firstly, if any group's (or groups') interpretation is put into practice, particularly if their interpretation is not shared by others, then it is the joint matter of group and perception that is of importance. Secondly, interpretation has heightened significance if it varies considerably within an organisation. The substantial point of variation concerned resident representatives', interpretation of consultation and involvement. In essence resident representatives in Newham were excluded from input over broad strategic decisions. Where influence could be detected it was on local, estate or even dwelling specific affairs. On broader decisions, such as the PFI and office locations, residents in Newham had little effective control. This sense of powerlessness was detected in Westminster, although it was not relayed with the same urgency, emotion or significance. The pace and nature of change in Newham far exceeded that in Westminster, with

associated heightened 'trauma'. The significant point is that this was not a shared interpretation: it did not 'sit' within that of councillors or managers.

Therefore interpretation is significant if it varies, and if it leads to realisation of that interpretation. This latter point leads to the third sub-question and influence.

The field studies revealed a form of 'group lobby' in the realisation of influence, and this arose from the relationship between managers and politicians. The lattice of the six potential primary relationships was illustrated earlier in the dissertation (p.61).

The relationship between managers and councillors was the most dependent to arise, and was portrayed as one of constructive cooperation. Should this link become characterised by conflict it is uncertain with which group – councillors or managers – influence would lie. The strong inference that could be drawn was that politicians' will would prevail, although this could not be enacted in an operational sense without management application. Significantly councillors would only 'fire' (if this was an option) if managers had in some way acted improperly. This finding can be drawn with confidence from the Newham data where councillors 'hire and fire' according to a vision-type mandate. The key broad certainty is that managers and councillors act in a way that complements the political direction and the operational realisation of that direction.

A simplified representation of issues arising, and interpretation under Best Value is set out in figure seven which illustrates a process for managers from 'issues' arising, to 'actors' and their place in addressing these issues. This figure lists a variety of issues discussed throughout part four, each of which have been affected by Best Value. An important point when comparing the two councils is that Newham managers have to do more, they have to work harder to persuade actors, because the distance from what Newham is to Newham as a Best Value authority is greater than the transition faced by Westminster managers. For example, Westminster has far fewer staff to 'inform', and a well established competitive environment that has virtually passed the stage of 'promotion' and 'justification'. However, the reflections of actors overall suggest that this is an



accurate representation of the dynamic experienced by both sets of managers. Most of the managers interviewed would not accept this portrayal simply because they maintain that their view, or 'persuasion' as it has been put here, is one informed by the views of others. Theirs is a delegated role. This has not been the finding of this research: they inform, include and comply. Compliance with councillors' views on the issues listed in figure seven was the most significant aspect of variance between the authorities.

The relationship between councillors and residents was for both authorities distant and imprecise. Councillors certainly 'cared' about residents and the services they received, although there was no clear impression of being responsive in policy-process terms. The paternalist nature of this relationship was most evident in Newham. Here, councillors had influence over residents for (as they saw it) their benefit.

The relationship between residents and front line staff was generally portrayed as cordial rather than one from which influence would arise.

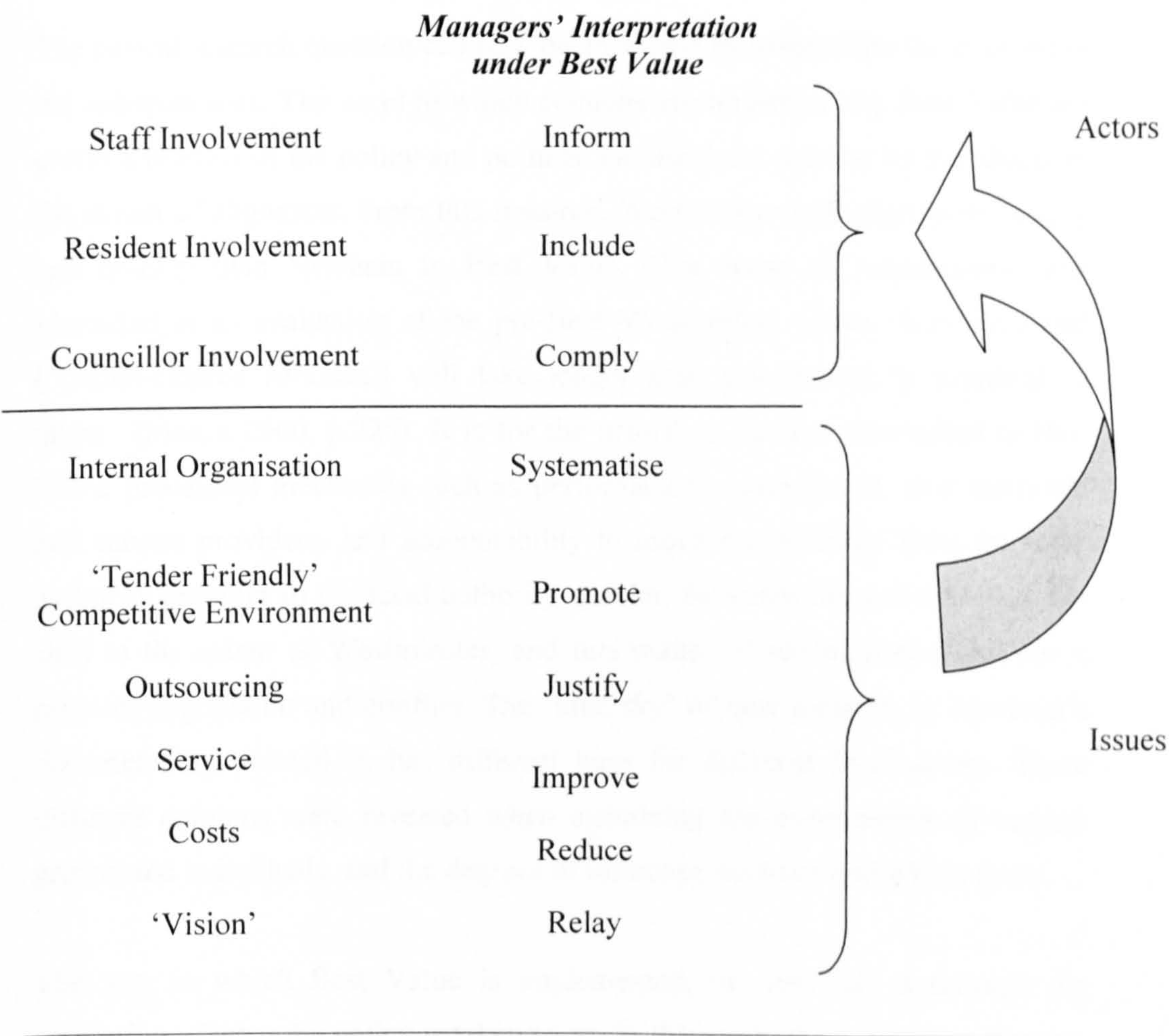
The relationship between front line staff and managers was characterised by management direction and staff implementation. Staff voiced no impression of influence over management.

For councillors and staff the relationship was distant to the point of disinterest (with vitriolic exceptions in Newham). Councillors expressed little concern for the views of staff, and staff did not see their local politicians as a conduit of expression. The sole exception to this was one Westminster councillor's concern that workers' rights had been "swept away" during Compulsory Competitive Tendering.

The relationship between managers and residents was the most affirmed, yet disparate, bond. Managers saw themselves as receptive and responsive to the views of resident representatives. The representatives of both authorities were divided on this view. On day-to-day issues concerning for example local estate-

specific repairs or impromptu meetings, representatives acknowledged management interest and action.

**Figure Seven – Issues, Interpretation and the ‘Route of Persuasion’**



The answer to this sub-question is that the prime source of influence rests with politicians and managers. Residents are placated with influence within the broader parameters of strategic change set by these two groups. This answer needs to be set within the understanding that the relationship between managers and councillors varies, and the nature of variation depends upon the extent of alignment to the policy.



Overall, therefore, influence has arisen within a policy and local context, and interpretations become realised through that influence. Influence has crystallised *because* of the local context, the policy, and the interpretations of respective actors. Best Value can be seen as the legitimising bedrock of local enactment, although it is by no means the sole cause of what eventually happens.

The central research question can now be answered by assembling the answers to the sub-questions. The ways in which councils are implementing Best Value are partly a product of the policy and political environment prior to its introduction: the matter of alignment. From this research, Westminster will align more readily and quickly than Newham to Best Value. This sense of preparedness was identified in an evaluation of the pre-Best Value pilots where “it is clear that [‘citizen-centred services’] will take longer than government is prepared to allow” (Martin 2000, p.225). It is for the actors’ to become reconciled to Best Value processual mechanics such as performance measurement, new landlords and service providers, and accountability to move recognisably from the local authority provider to the local authority enabler. Newham has not achieved this shift to the extent of Westminster, and this matter of reconciliation remains a point of negotiation and conflict. The ‘blue sky’ of new thought, as Newham’s documentation termed it, has different hues for different local actors. These different opinions were revealed when examining the expectations of various groups and individuals, and the degrees of influence between and within them.

The way in which Best Value is implemented, the method, is through the realisation of what the policy is taken to be. In this study those groups achieving realisation were primarily councillors and senior managers. They were realising their interpretation, and this CHANGE . Two riders are attached to this conclusion:

1. Day-to-day and short-term decisions were in some circumstances informed by residents, and

2. Councillors in Westminster, by virtue of the consolidated and 'aligned' nature of their council, informed decisions to a lesser extent than their Newham counterparts.

This answer is now considered in the light of the theoretical ideas, and the discussion of Best Value earlier in the dissertation.

### **16.3 The Contribution of Theory**

Chapters eight and nine examined two aspects of implementation from 'rational' managers working with 'loose' policies (public choice), and the strategies of 'bureau shaping' managers. For this research the notion of the bureau shaping manager was taken as a theory to test. This section explains the usefulness of the theoretical ideas in light of the practical findings.

#### **Focus on Managers: The Bureau Shaping Thesis**

Dunleavy's theory of bureau shaping suggests that managers will shape rather than expand their bureaus. Westminster's 'housing bureau' has undergone year-on-year change, and has indeed become shaped to what Dunleavy describes as the 'control' model. Newham is currently at the delivery agency phase, although the recent externalisation of the housing benefit service and indications from respondents suggests some movement towards a contract agency. Set out below is a reflection on the extent to which managers adopted the five strategies identified by Dunleavy, and with which they shape their organisations.

Firstly, the strategy of major internal reorganisation: both authorities had implemented the client-contractor split as they were obliged to do under Compulsory Competitive Tendering. This was not considered a palatable change in Newham: the managers became policed by their client team. In Westminster the situation was different. The managers were, effectively, the client team and the arrangement worked well in their view. Under Best Value, the Newham



managers reported an improved relationship with this aspect of internal organisation.

The main physical organisational change in Newham was the reduced number of local housing offices providing a comprehensive service. This was reported by the residents as a management-orchestrated initiative, although it does not correspond to an improved bureau for managers in Dunleavy's terms except to say that the operational activities remained "shunted into well-defined enclaves" ((Dunleavy 1991, p.203), albeit fewer enclaves. Managers in Newham had therefore *maintained* organisation shape, rather than drawing service operations closer to or further from themselves. Substantively, there was no sense of geographical separation of managers from the remainder of the workforce or client group. No respondent reflected a notion of 'cocooned' senior management.

Changes in internal organisation had arisen with evolved, or new in the case of Westminster, forums by which residents could offer direct input. Through the Tenants Participation Compact residents *should* have influence over decisions affecting housing services. This arrangement was well-received by managers and councillors who had remarked on poor past relationships. For the managers it is difficult to reconcile the ready engagement with consultation processes with bureau shaping: they are effectively closer to operational entanglements. Residents of both Councils were less enthusiastic, describing the Compact variously as "conveniently forgotten" and "meaningless". As for consultation and influence in general, several examples were given by all respondents of influence over day-to-day matters, although the feeling by all except management and some councillors was that residents had been excluded from major strategic decisions such as to contract services in the first instance in Westminster, or to use a PFI scheme in Newham. Residents could certainly inform the detail. The increased contact was therefore conditional: influence the detail, not the course. This aspect of organisation cannot be attributed wholly to managers. The Compact and increased contact with residents is a Best Value requirement. However the implementation does appear to have provided an opportunity to inject a manner of interpretation about what influence means for managers.

Secondly, on the notion that managers will seek high status work practices, there was no suggestion that managers were troubled by the pressurised and unrewarding work environment reported by the front line staff. Some evidence was given of managers wishing to move away from bureaucratic entanglements (Westminster) and conflicts (Newham) apparent under Compulsory Competitive Tendering. These observations could not be construed as necessarily high status, and indeed it is difficult to extrapolate any sense of preferred direction managers were seeking in relation to status from any of the accounts.

In terms of their current work environment it is possible to identify certain distinctions. The Westminster managers spoke frequently in strategic terms, referring to joined-up thinking, methods as philosophies, working smartly, innovatory processes and liaison with consultants, for example. The Newham managers were, to a far greater extent, entwined with operational realities such as managing reorganisation and associated conflicts. However, there was no sense that managers were trying to distance themselves from what might be considered routine or laborious aspects of process, which is the essence of Dunleavy's contention. If such a link is to be suggested, it has to be inferred from other strategies, particularly the fifth strategy discussed below.

Dunleavy's third strategy involved redefining relationships with partners so that overall control can be established or maintained. This strategy had been largely enacted in Westminster with the movement of staff to private contractors. It could not reliably be termed a *management* strategy however, and on this point it is interesting to compare Westminster with Newham. Newham's councillors and managers, in tandem, expressed a strong wish to apply this strategy and 'distance' services. This was therefore a strategy at a stage of formulation, and shares the same characteristics as the fifth 'hiving out' strategy below in this regard. Westminster *may* have experienced this partnership and balance of relationships during the time it made the transition from 'pure' delivery (Newham's current state) to contracting authority. This appears to be the critical moment of inertia for major service changes, and is a point raised again when considering application of this work below.



Fourthly, competition with non-housing bureaus is Dunleavy's fourth strategy. Other bureaus such as health, police and social services received little mention throughout the interviews. It appears that despite the emphasis on partnership working implicit within Best Value, and explicit elsewhere in other Government policies, partner agencies do not affect housing departments at least in terms of service delivery. The one exception was a Westminster manager's (WM2) reference to 'joined up thinking' and the recent involvement of social services in housing provision for older people. There was no sense throughout the interviews, this example included, of either housing imposing importance, or being imposed upon, in the borough-wide organisation of services.

The final strategy identified by Dunleavy is that of load-shedding, hiving-off and contracting out. The externalisation of services did receive frequent guarded references, followed by a suggestion of adoption, most explicitly by Newham managers. Here, the managers referred to awarding contracts "hand over fist"; "serious about outsourcing"; "we'll give out everything we have problems with": juxtaposed by the removal of the "blinkers of slavish in-house provision" in the vision document (LBN 1997). The managers did not express this likelihood in terms of a solution to a problem. It was simply an inevitable process. In other words it appears to be a strategy managers are trying to use, yet they appeared genuinely unsure why they were using it beyond it being a part of a process.

The Westminster managers made no reference to a strategy of contracting out beyond affirming the success of their current, evolved and largely contracted out service. The contract change, from the City to external providers, was not attributed to managers by any actor. Arms Length Management, a tabled option, was mentioned twice: once by a councillor as "prompted by Best Value and coerced by Government"; and once by a resident representative who said that discussions on Arms Length Management led to a situation where "Managers control meetings totally. Some councillors feel that they are almost being used". The representative's comment has significance in that it reflects influence. It does not establish a manager's strategy, and the councillor's remark suggests that the cause lies elsewhere. If managers were associated with this strategy, they would effectively extend the contracting out movement within Westminster.

However, as suggested no such link could be confirmed. Within Dunleavy's thesis, the separation of the operational and the strategic that would arise from service transfer is the ultimate manifestation of bureau shaping because it would isolate senior staff from, as Dunleavy terms it, 'line functions'. The problem with aligning Westminster managers with such a strategy is that they have largely achieved this state. To progress, and isolate themselves further, evidence of a *management enacted* strategy advocating Arms Length Management would be needed. The support, or at the very least the acceptance, of Arms Length Management appears unanimous in Westminster. The only voice of dissent referred to the manner in which the decision was taken, not the decision itself. The movement is therefore consensual, and not a management strategy.

The situation in Newham was marked by a clear and explicit reference to contracting. This would support Dunleavy's fifth strategy in all but the significant detail that it cannot be marked as a strategy created by their senior management team, and it had not been enacted.

Overall, while Dunleavy's strategies appear loosely evident in Newham, the notion of Best Value implementation in large part caused by these *management* strategies appears slight. The reason for this finding could be pinned, primarily, to two reasons: limitations of the theory and an inappropriate research approach. These possibilities are explored in the subsequent sections, where the theory and research method are appraised further in light of the field study findings.

### **Critique of the Bureau Shaping Thesis**

At the outset it is important to state that Dunleavy marked the enactment of the five strategies with an important caveat: a safe environment. Given that no objection to tendering services was expressed, why was Westminster successful in finding contractors and Newham was not: why was Newham 'unsafe'? Three reasons are suggested, drawn from the field research:

1. Newham had not decentralised their services into 'contractible units' during Voluntary and Compulsory Competitive Tendering, whereas Westminster



had. The business opportunity for a non-public housing service provider was too complicated to even consider for many potential tenderers.

2. Newham's reputation as an 'old left', unionised and non-business friendly authority acted as a deterrent to prospective bidders. There could have been a perception that bids could be deflected by decisions in favour of the in-house providers, and there was therefore little to be gained from the expense and inconvenience of bid preparation. Westminster had a track record of contracting successes prior to Compulsory Competitive Tendering in housing management.
3. Newham's housing stock, and the residents within it, presented a 'housing management challenge' too far. The cost and complexity of taking on a contract that involved the management of poorly designed, built and maintained housing, and a resident group characterised from one point of view as poor and ethnically diverse, could not easily be incorporated into a business plan reliant on secure revenue streams and attainable management performance. This is obviously an extreme representation, and one that could equally be viewed constructively as a 'challenge', rather than a barrier to commerce. Further, Westminster's housing stock and demographic characteristics are similar to those of Newham. While Newham's difficulties may be greater in some respects, it was the perception of Newham that might set it apart as a 'problem borough', rather than one ripe for enterprise.

These points are presented as reasons for the difference in service contracting under Compulsory Competitive Tendering. The unavailability of service providers is a possibility, although the proximity of the two councils (approximately seven miles) renders this factor unlikely.

These three obstacles require negotiation before managers can enact Dunleavy's strategies, and evidence exists of this action. The indications from each of the Newham groups suggested that Newham was in a state of transition immediately prior to the introduction of Best Value. The fact that Newham volunteered to pilot Compulsory Competitive Tendering, managers spoke of a willingness to

consider a range of methods centred on devolving services, and councillors engaged with 'vision' focus rejected any intransigent reliance on 'old Labour' practice does indicate an authority anxious to innovate. This is therefore a Borough in the throes of change. What this research reveals, possibly, is that the change is not at this point sufficient to enable overt enactment of Dunleavy's strategies. It appears, therefore, that the environment described in chapter eight – when class interests override service considerations and costs do not relate to social benefits – has not been fully realised from the findings in this study.

As for Westminster, again following Dunleavy's logic, the environment had become consolidated and none of the three issues affecting Newham (above) was evident. The point of interest was the strategies managers might adopt once they had effectively been shaped: would they affect the implementation of Best Value? The key change arising, ostensibly in line with Best Value requirements, was the move to Arms Length Management. This was a clear strategic direction and could be seen as a refinement to Dunleavy's fifth 'hiving out' strategy. It could not, however, be seen as a strategy of management making on two counts. Firstly, the option was heavily contrived following Government incentives encouraging its adoption. Secondly, no single voice of dissent could be identified with this direction from the respondent groups.

The problem with Dunleavy's thesis is not related to the general trend arising: Westminster has become a control agency, and Newham is moving between a delivery and contract agency: it is why this is happening. This particular outcome is arising for factors beyond managers and their strategies. Given this lack of fit between what Dunleavy predicts, and what has been observed in this work, other possibilities have to be explored.

Public choice theory identifies managers as bureau expanding: their main source of utility in non-profit public sector organisations. They achieve this by ownership of information that informs budgetary decisions and overstating supply of services. A policy that stems this behaviour, and exposes actual costs and performance, will deter managers' expansion programmes. No evidence of a managerial wish to return to mass municipal housing - the ultimate 'empire' –



was apparent. The expectations other actors had from Best Value did not include a return to local state provided and managed housing. Even despite this lack of empire building tendency, the significant limitation of public choice is the concentration on managers as the key local group. Notwithstanding the local focus of this study, implementation is in part determined by groups in league, not managers alone. This criticism applies equally to Niskanen and Dunleavy. While Dunleavy's model is not 'simple' in the public choice sense<sup>22</sup>, there remain many aspects of complexity that it does not consider. The prospect that Dunleavy's bureau shape is more a pragmatic than a contrived response, where managers are boxed in by government financial restraints on the one hand and the immediate needs of the client group on the other, is not accommodated and crucially underplays the impact of other key actors. Further, managers are not a homogenous mass, and to suggest that uniformity arises with grade or position within the hierarchy is simplifying what is a highly complex system of interaction, responsibility, pressures and personality. Gunning, an advocate of public choice, feels that Dunleavy's preoccupation with senior management is inappropriate in the highly politicised arena of British local policy:

In my view, the weakness with the bureau-shaping thesis is its failure to get at the fundamental forces that impact on bureaucracy through democratic government in general. Its main strength is that it is general enough to be helpful in describing many bureaus, particularly those that are relatively independent of politics<sup>23</sup>.

This reference to 'fundamental forces', the role of politicians in government, cannot be ignored. Perry, in a study examining Indian bureaucracy, came to a similar conclusion when considering the influences behind decentralisation:

The bureau-shaping model's application to the Indian context is most limited by a lack of reference to important elements, perhaps peculiar to India, based on the political environment in which senior officers work (1996, p.271).

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<sup>22</sup> "The real strength of the theory of private enterprise lies in this ruthless simplification which fits so admirably into the mental patterns created by the phenomenal successes of science" (Schumacher 1983, p.137).

<sup>23</sup> Email to author, 8<sup>th</sup> December 2000. Pat Gunning is Professor of Economics at Feng Chia University, Taiwan.

Perry's criticism of bureau shaping ideas centred on a research finding of political strength:

As one former chief secretary commented, 'if what bureaucrats thought really mattered, the system would never have come into being because they fought against it tooth and nail' ... politicians are the source of bureaucrats' authority (1996, pp. 269-270).

Perry's observation matches that of this research with three additions.

The first is the way in which political authority manifests itself. In Westminster the initial impression gained was one of an almost benign, and certainly passive, political element. Underlying this was the impression that councillors would intervene and act if necessary. In Newham the politicians directed the activity and determined the nature of senior management.

The second concerned matters of importance to politicians. The Westminster politicians were interested in stability, and the avoidance of controversy. Newham politicians were concerned with recasting image to accommodate their vision.

Finally, if politicians are the source of authority, residents are the legitimacy. For managers and politicians that legitimacy rests with engaging with residents on short term matters, rather than the strategic decisions.

The key limitation of both theories is their failure to recognise and engage the significance of other actors, particularly politicians, in affecting the implementation of policy. Linked to this are the local context and the extent to which local authorities are aligned with the broader policy environment. These factors provide a fuller explanation of how Best Value will be implemented.



## 16.4 From Theory and Practice: Limitations of the Study and Future Research

This section is an appraisal of the usefulness of the approach adopted and possibilities for future research in the field of public policy implementation.

This study has concentrated on actor influence and relationships. An important basis of these relationships related to the environment into which this new policy is introduced. Relationships become redefined as sponsor agencies set out expectations and processual requirements. Understanding the extent of change required, and the inertia in place restricting change, aid considerably during analysis of existing and shifting relationships.

A problem for this research was locating the cause of changes that arose during Compulsory Competitive Tendering. Interrogating the 'alignment' research question yielded limited insights because of the lack of previous research, and uncertainty within the field research caused in large part by the absence of many actors that witnessed change. For staff, for example, it was boldly acknowledged that those who disagreed with change should leave. More generally, Westminster managed a large shift in their mode of service delivery. The feeling gained was that this was achieved through autocratic political leadership, although this was difficult to verify within the literature or the field study. Verification would have been useful given the prominent place of the Newham politicians, and may have contributed to answering questions related to the point at which councillors become less active in determining change. Greater awareness of historical development is therefore required in order that a 'time layered' approach can become an integrated part of policy research. This is not a limitation of this research necessarily, although it is appreciated that concentrating further on this period of local authority development *may* have yielded further insight. It is mentioned here to promote such research during, rather than after, the event.

The theoretical work used in this thesis focuses on management as a cause of local outcomes. The subsequent case research has highlighted the need to *not* focus on one group. The relationships that develop and exist within the local

arena are fluid and complex, and concentrating on one group would have led to a distorted view of events. Ingarfield chose not to interview managers *at all* for this reason - "That managers are unlikely to state openly that they are engaged in bureau shaping to achieve welfare gains for themselves is an assertion" (1996, p.7). Indeed, any actor may disguise the actual intention behind actions, and this is always a problem in research involving people. This truism is not considered, on reflection, to be a significant problem with the method and frame adopted. The field studies yielded a valuable insight into local policy unfolding.

The key limitation in this regard related to the sample sites and agencies. The reasoned emphasis on the four groups considered here led to the range adopted. However, a wider range of local contexts (political, geographical and administrative, and stock size, type and condition) would test these 'shaping' and 'empire' ideas to a greater extent. Cities such as Birmingham, Leeds and Sheffield have similar profiles to Newham, and the consideration of this work and the conclusions drawn to these localities could be illuminating. By the same token research activity in 'liberal' Conservative areas, such as Broxbourne (Hertfordshire), could test the notion of manager as 'technicist' and provide a greater understanding of the relationships between politicians and managers.

Other agencies and agents including contractors, Registered Social Landlords, central government departments and the Audit Commission could have usefully informed aspects of the thesis, and set a broader appreciation of the local policy context. An additional 'realm' to have surfaced in the field research was the local government political structure, and particularly the local cabinet systems in use. Study logistics, plus the wish to remain focused on the local authority 'meso-network' (chapter one) and four closely involved groups, resulted in a worthwhile focus in the final analysis.

Concerning the application of this work in future studies of national policy and local implementation MacLennan and More point to a "need to examine the outcomes of different organizational configurations and management processes" (1999, p.19). This has been a key theme of this work. The extent to which *management* processes, albeit linked to those of others, inform understanding of



policies unfolding is a critical component of research in this field. However, it is also important to understand quite what an 'outcome' is. Far from closing the 'policy loop', where results are prescribed and easily mapped, the concept of outcome under Best Value is nebulous because of the ways it is interpreted and implemented. From this study outcomes have rather different meanings for those involved. The emphasis on and application of technical and rhetorical aspects of Best Value has revealed disaffected groups, most notably residents. Thus:

A danger remains that the problems of measuring improvement will, in practice, drive the regime towards an increasing focus on processes and procedures rather than outcomes, addressing what can be measured most easily rather than actual improvements that matter most to service users and citizens (Davis and Martin 2002, p.67).

It is suggested that the focus has shifted markedly in Westminster towards matters of measurement through technical process, rather than 'improvements that matter'. Understanding what those processes are, and the outcomes they propose, will be useful for understanding what is actually happening and its cause.

## **Epilogue**

Best value remained an active policy at the time of the thesis submission in March 2005. Certain aspects of the policy were modified after the final interviews and these changes were not included in the findings or analysis of the thesis. This section sets out the main aspects of change and events that have transpired after the field study, and concludes with a reflection on the impact such changes may have on the main research findings.

### **Best Value**

The requirement to provide Best Value in line with the description given in chapter one remains. The latest consultation relating to Best Value is framed within the statutory requirements, where the aim is to “reflect the need to build in continuous improvement, in line with the best value duty in the Local Government Act 1999” (Audit Commission 2004a, p.11).

### **Performance Measurement**

The annual method of reporting performance changed towards the end of 2002 to include Comprehensive Performance Assessments (CPAs) produced by the Audit Commission. CPAs are published in December each year and take account of the BVPIs, inspection and audit reports, corporate governance assessment and self-assessment by the local authority. The BVPIs outlined in this research have on the whole remained, although maintenance and repair costs are no longer required, and the ethnic origin of residents is recorded in the measure of satisfaction (table eight). The CPA scores for the authorities examined in this research are shown in table nine.

The CPA provides a simplified representation of the performance of local authorities compared to the multi-indicator format required prior to December 2002. The scoring uses two measures: the numerical one to four range, where one is considered ‘worst’ and four ‘best’; and overall assessments of either excellent, good, fair, weak and poor. A further change was proposed in December 2004, where housing management could be assessed in terms of decent homes, repairs and maintenance, resident involvement and housing



management, with a method of measurement to follow (Audit Commission 2004, p.21). 80 per cent of local authorities supported CPA (Audit Commission 2002a, p.2), and they “were broadly supportive of the principle of self assessment” (Audit Commission 2002a, p.6)

**Table Eight: Tenant Satisfaction and Opportunities for Participation and Involvement in Decision Making: LB Newham and Westminster CC 2003-4 (%)**

	Newham	Westminster
Overall satisfaction of tenants of council housing with the overall service provided by their landlord and broken down by:-	70.00	64.00
black and ethnic minority	65.00	56.00
non-black and ethnic minority	74.00	67.00
Overall satisfaction of tenants of council housing with opportunities for participation in management and decision making in relation to housing services provided by their landlord and broken down by:-	44.00	61.00
black and ethnic minority	39.00	55.00
non-black and ethnic minority	48.00	63.00

Source: Audit Commission 2005

**Table Nine: Comprehensive Performance Assessments: LB Newham and Westminster CC 2002-4**

Authority	Overall 2002	Overall 2003	Overall 2004	Council ability to improve	Overall service score	Housing
Newham	fair	good	good	3	3	3
Westminster	excellent	excellent	excellent	4	4	4

Source: Audit Commission 2005a

### Inspections

It is intended that the CPA results will enable a more selective use of inspections, with the focus on poorer performing local authorities rather than the blanket

coverage anticipated at the outset. Inspections are anticipated to fall to 68 per cent of 2002/03 levels by 2006/07 (Audit Commission 2004a, p.2).

Newham's housing management service was inspected in December 2004, and received a 'good' two-star housing management service with promising prospects for improvement (Audit Commission 2004, p.4). Overall positive findings included the success of the Local Service Centres "which deal effectively with most enquiries at the first point of contact", and "tenants and lessees are well informed and their views actively canvassed resulting in effective consultation and involvement" (Audit Commission 2004, p.4). Areas of concern included tenant satisfaction, under-representation of ethnic minorities in the manual workforce, and rent collection (Audit Commission 2004, p.5). The inspection report concluded that Newham recognised areas of poor performance, and was willing to consider alternative providers to redress performance shortfalls.

The inspection process involved several focus group meetings with residents and front line staff. The findings were generally positive, with concerns directed at a lack of information relating to new resident representative structures (Audit Commission 2004, p.28), and:

From our focus groups, we saw that the annual service plans were understood by staff to be the backbone of performance management. Service plan targets were seen by councillors and senior managers as managerial and are not published. Targets are identified and assessed through customer feedback rather than consultation. (Audit Commission 2004, p.11)

The privileged aspect of targets was identified as a possible source of difficulty in two respects. Firstly, it would not always be clear what the 'success criteria' for aspects of service improvement might be: staff and residents could not know the required standard. Secondly, the inspectors found that, in the view of one councillor, once targets had been achieved they would be instantly revised to improve the service further. The inspectors reflected that the target could be maintained "using this success to reallocate resources to areas of less successful performance" (Audit Commission 2004, p.11).



Westminster's housing management service was inspected in March 2002, soon after the completion of the field research. The housing management service received a 'good' two star service judged to offer 'excellent' prospects for improvement (Audit Commission 2002, p.6). Positive findings included the setting up of Tenant Participation Compacts, clear business planning, and comprehensive provision of information and service standards for tenants and leaseholders (Audit Commission 2002, pp.6-7). Aspects of the service requiring attention included the availability of information relating to resident profiles, a strategic approach to tackling poverty and social exclusion, and providing information at local offices (Audit Commission 2002, p.7).

Specific findings included an observation that tenants' concerns included kitchen fittings, heating systems and a lack of 'customer focus' within repairs systems. The inspectors found that the authority had "responded by developing a service improvement plan to address the areas of most concern" (Audit Commission 2004, p.52). The housing panel (the Compact forum) received comments from the inspection's random sampling of residents and staff:

[A resident] representative said 'The housing panel are not informed by the people they represent ... and they have no profile of the residents they represent'. This was echoed by staff, who felt that: 'a lot of residents' associations (RAs) are unrepresentative – we rely on people to feed back – but they don't always pass on the information.' (Audit Commission 2002, p.20).

On this point the report concluded that "Tenants, leaseholders and prospective tenants have only partially been involved in shaping the Service" (Audit Commission 2002, p.20). This aspect of performance was not included in the report's main findings summary.

Finally, the route of substantial change such as that considered in chapter five has become clearer. Newham has decided to transfer all service provision to an Arms Length Management Organisation after a "resident-led commission was set up and supported by council staff and independent advisers" (LB Newham 2005).

This transfer is scheduled to take place by mid-2005. In April 2002, immediately after the field research, Westminster transferred housing services for all 22,000 homes to CityWest Homes, through an Arms Length Management arrangement.

### **Reflections on Change**

This epilogue has provided an update on two aspects of Best Value: procedural and progressional.

On the procedural elements all local authorities will, in addition to their local performance publication (the Best Value Performance Plan), see their Best Value performance published each year by the Audit Commission. The CPA may impact upon the implementation of Best Value, in that a poor CPA result will result in an increased likelihood of inspection. In this research the Newham managers expressed the greatest antipathy towards inspections, therefore (the recent inspection notwithstanding) it could be expected that they would welcome good CPA performance. This will need to reflect factors similar to those subject to inspection, including corporate governance and self-assessment, in addition to performance measures. The important point is that the information for the CPA is generated locally, and therefore some control can be exercised over priorities and compliance. This was not an aspect of performance considered in the dissertation, where focus was placed on the prospect of external inspections, and not self-assessment. It is suggested that the CPA would have received the support of both boroughs considered in this research, mainly on the basis of concerns expressed relating to inspections.

In terms of progress made under Best Value, it can be seen from tables seven and eight that both authorities have sustained good performance between 2002 and 2004 in housing, the way they are run, and services in general. Westminster has received particular praise. The 'small print' of the inspection reports and CPA/BVPI data do reveal certain anomalies. Black and ethnic minority residents were less likely to be satisfied with their landlord, and less likely to be satisfied with opportunities for involvement. Average figures for satisfaction with involvement in Westminster and Newham – 61 per cent and 44 percent



respectively (table seven) – could be inferred from this research, yet these statistics do not form part of the ‘headline’ assessments of performance. A service can be ‘excellent’ without large-scale resident satisfaction, with the inference that ‘prospects for improvement’ remain high.

An additional point that could affect an authority’s outlook relates to the Audit Commission’s observation that “for most of the performance indicators used in the assessment framework there is no evidence of a relationship with deprivation” (Audit Commission 2002, p.8). This would be of particular interest to Newham, and possibly increase their resolve to become disassociated with poverty.

Finally, substantial changes to the provision of services have been either programmed (Newham) or implemented (Westminster) through the Arms Length Management provisions. The extent to which these changes can be considered ‘progressional’ or ‘processual’ in terms of Best Value will become clear in time, although on recent performance, as illustrated in table seven, Westminster remains a high performing local authority after the transfer. The point at issue is *how* Westminster and Newham arrived at the decision to transfer services. The inference that would be drawn from this work is that the decision was taken, or at the very least steered, by the managers and politicians of the boroughs.

The impact of CPA, the occurrence of inspections, and the use and emphasis of performance information could contribute to a shift in the way Best Value is considered by local government. What is certain is that Best Value continues to underpin service delivery, although the role of residents especially remains an interesting and uncertain aspect of implementation.

## **Appendix A**

### **Best Value – Twelve Provisional Principles (June 1997)**

1. The duty of Best Value is one that local authorities will owe to local people, both as taxpayers and the customers of local authority services. Performance plans should support the process of local accountability to the electorate.
2. Achieving Best Value is not just about economy and efficiency, but also about effectiveness and the quality of local services – the setting of targets and performance against these should therefore underpin the new regime.
3. The duty will apply to a wider range of services than those covered by CCT.
4. There is no presumption that services must be privatised, and once the regime is in place there will be no compulsion for councils to put their services out to tender, but there is no reason why services should be delivered directly if other more efficient means are available. What matters is what works.
5. Competition will continue to be an important management tool, a test of Best Value and an important feature in performance plans. But it will not be the only management tool and is not in itself enough to demonstrate that Best Value is being achieved.
6. Central government will continue to set the basic framework for service provision, which will in some areas as now include national standards.
7. Detailed local targets should have regard to any national targets, and specified indicators to support comparisons between authorities.
8. Both national and local targets should be built on the performance information that is in any case needed by good managers.
9. Audit processes should confirm the integrity and comparability of performance information.
10. Auditors will report publicly on whether Best Value has been achieved, and should contribute constructively to plans for remedial action. This will include agreeing measurable targets for improvement and reporting on progress against an agreed plan.
11. There should be provision for intervention at the direction of the Secretary of State on the advice of the Audit Commission when an authority has failed to deliver Best Value.
12. The form of intervention should be appropriate to the nature of failure.

Source: DETR 1998, s.2.1



## Appendix B

### Best Value Performance Indicators 2001/2

<b>BVPI description</b>	<b>BVPI Type</b>
The average weekly costs per local authority dwelling of management.	Local
The average weekly costs per local authority dwelling of repairs.	Local
Local authority rent collection and arrears: proportion of rent collected.	Local
Local authority rent collection and arrears: rent arrears of current tenants as a proportion of the authority's rent roll.	Local
Local authority rent collection and arrears: rent written off as not collectable as a proportion of the authority's rent roll.	Local
Proportion of homelessness applications on which the authority makes a decision and issues written notification to the applicant within 33 working days.	Local
Average relet times for local authority dwellings let in the financial year.	Top quartile
Percentage of rent lost through local authority dwellings becoming vacant.	Local
The number of local authority dwellings receiving renovation work during 2001/02 as a proportion of the number needing renovation work at 1 April 2001.	Local
The percentage of urgent repairs completed within Government time limits.	Local
The average time taken to complete non-urgent responsive repairs.	Local
Satisfaction of tenants of council housing with the overall service provided by their landlord.	Local
Satisfaction of tenants of council housing with opportunities for participation in management and decision making in relation to housing services provided by their landlord.	Local
Does the authority follow the Commission for Racial Equality's code of practice in rented housing?	Local

Source: DETR 2000a, Chapter 8

## Appendix C

### BVPI 1998/9 to 2004/5 Comparison – LB Newham

	BVPI reference and description	BVPI Type	1998/9 Actual	Position Actual (Inner London top 25% range)	2004/05 Target
Cost/Efficiency	BVPI65a - The average weekly costs per local authority dwelling of management.	Local	£18.94	£17.27 - £19.14	£18.69
	BVPI65b - The average weekly costs per local authority dwelling of repairs.	Local	£14.07	£19.12 - £24.85	£13.68
	BVPI66a - Local authority rent collection and arrears: proportion of rent collected.	Local	102%	100.2% - 101.04%	101%
	BVPI66b - Local authority rent collection and arrears: rent arrears of current tenants as a proportion of the authority's rent roll.	Local	7.24%	Not Available (New Indicator)	7%
	BVPI66c - Local authority rent collection and arrears: rent written off as not collectable as a proportion of the authority's rent roll.	Local	2.12%	Not Available (New Indicator)	-
	BVPI67 - Proportion of homelessness applications on which the authority makes a decision and issues written notification to the applicant within 33 working days.	Local	59% in 30w/days	12 – 27.5 calendar days	100% in 30 w/days (1998/9)
	BVPI68 - Average relet times for local authority dwellings let in the financial year.	Top quartile	55.3	4 – 5.3 weeks	30
	BVPI69 - Percentage of rent lost through local authority dwellings becoming vacant.	Local	2.2%	Not Available (New Indicator)	1.2%
Service Delivery Outcome	BVPI71 - The number of local authority dwellings receiving renovation work during 2001/02 as a proportion of the number needing renovation work at 1 April 2001.	Local	a) <£5,000 81.6% b) >£5,000 6.6%	Not Available (New Indicator)	a) 90% b) 8.4% (1999/00)
	BVPI72 - The percentage of urgent repairs completed within Government time limits.	Local	88.9%	93.05 – 96%	95% (1998/9)
	BVPI73 - The average time taken to complete non-urgent responsive repairs.	Local	18	Not Available (New Indicator)	10 (1999/00)
Quality	BVPI74* - Satisfaction of tenants of council housing with the overall service provided by their landlord.	Local	66	Not Available	75%
Fair Access	BVPI75* - Satisfaction of tenants of council housing with opportunities for participation in management and decision making in relation to housing services provided by their landlord.	Local	Not Available		
Other	BVPI164 (EX-ACPI D1) - Does the authority follow the Commission for Racial Equality's code of practice in rented housing?	Local	Yes	Not Available (New Indicator)	Yes

\* Indicator not required for 2001/2 - National Housing Federation's STATUS (standard tenant satisfaction survey and methodology) to be used in informing the two indicators.

Source: LBN 2000 - Best Value Performance Plan 2000/2001



## Appendix D

### BVPI 1998/9 to 2004/5 Comparison – Westminster City Council

BVPI reference and description	BVPI Type	1998/9 Actual	Position Actual (Inner London top 25% range)	2004/05 Target
BVPI65a - The average weekly costs per local authority dwelling of management.	Local	£27.38	£17.27 - £19.14	£29
BVPI65b - The average weekly costs per local authority dwelling of repairs.	Local	£22.13	£19.12 - £24.85	Maintain Upper Quartile
BVPI66a - Local authority rent collection and arrears: proportion of rent collected.	Local	96.4%	100.2% - 101.04%	96.2%
BVPI66b - Local authority rent collection and arrears: rent arrears of current tenants as a proportion of the authority's rent roll.	Local	2.74%	Not Available (New Indicator)	3.4%
BVPI66c - Local authority rent collection and arrears: rent written off as not collectable as a proportion of the authority's rent roll	Local	2%	Not Available (New Indicator)	Target to be set once comparators available
BVPI67 - Proportion of homelessness applications on which the authority makes a decision and issues written notification to the applicant within 33 working days.	Local	13.2 calendar days	12 – 27.5 calendar days	88%
BVPI68 - Average relet times for local authority dwellings let in the financial year.	Top quartile	4 weeks	4 – 5.3 weeks	19 working days
BVPI69 - Percentage of rent lost through local authority dwellings becoming vacant.	Local	2.73%	Not Available (New Indicator)	Keep below 4%
BVPI71 - The number of local authority dwellings receiving renovation work during 2001/02 as a proportion of the number needing renovation work at 1 April 2001.	Local	a) <£5,000 14.8% b) >£5,000 28.3%	Not Available (New Indicator)	Target to be set once comparators available
BVPI72 - The percentage of urgent repairs completed within Government time limits.	Local	95.8%	93.05 – 96%	97%
BVPI73 - The average time taken to complete non-urgent responsive repairs.	Local	13.3 calendar days	Not Available (New Indicator)	Target to be set once comparators available
BVPI74* - Satisfaction of tenants of council housing with the overall service provided by their landlord.	Local	Not Available	Not Available	Satisfaction to be measured
BVPI75* - Satisfaction of tenants of council housing with opportunities for participation in management and decision making in relation to housing services provided by their landlord.	Local	Not Available	Not Available	Satisfaction to be measured
BVPI164 (EX-ACPI D1) - Does the authority follow the Commission for Racial Equality's code of practice in rented housing?	Local	Yes	Not Available (New Indicator)	Yes

\* Indicator not required for 2001/2 - National Housing Federation's STATUS (standard tenant satisfaction survey and methodology) to be used in informing the two indicators.

Source: WCC 2000 Best Value Performance Plan 2000/2001

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